

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

JUANA HERNANDEZ, as)
ADMINISTRATRIX of the ESTATE of)
DANNY NICACIO and ARMANDO)
MAISONET,)

Plaintiffs)

v.)

SCOTTSDALE INSURANCE COMPANY)
and UTICA MUTUAL INSURANCE)
COMPANY)

Defendants)

CIVIL ACTION
NO.: 05-CV-40141-FDS

AFFIDAVIT OF JANICE RILEY

I, Janice Riley, being of legal age, under oath, do hereby depose and state as follows:

1. I am a Litigation Specialist for the Utica Mutual Insurance Company, Defendant in the above-captioned lawsuit.
2. Utica Mutual Insurance Company issued a commercial package policy of insurance (the "policy") to Saeilo USA, Inc., Saeilo, Inc., and Saeilo Machinery USA, Inc., policy number CPP 2160756, with effective dates of July 15, 1999 to July 15, 2000.
3. A true and accurate copy of the policy is annexed hereto.

**SIGNED UNDER THE PAINS AND PENALTIES OF PERJURY THIS SIXTH DAY
OF SEPTEMBER, 2005**

/s/ Janice Riley

Janice Riley, Litigation Specialist
Utica Mutual Insurance Company

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

JUANA HERNANDEZ, as)
ADMINISTRATRIX of the ESTATE of)
DANNY NICACIO and ARMANDO)
MAISONET,)
Plaintiffs)

CIVIL ACTION
NO.: 05-CV-40141-FDS

v.)

SCOTTSDALE INSURANCE COMPANY)
and UTICA MUTUAL INSURANCE)
COMPANY)
Defendants)

AFFIDAVIT OF JANICE RILEY

I, Janice Riley, being of legal age, under oath, do hereby depose and state as follows:

1. I am a Litigation Specialist for the Utica Mutual Insurance Company, Defendant in the above-captioned lawsuit.
2. Utica Mutual Insurance Company issued a commercial package policy of insurance (the "policy") to Saeilo USA, Inc., Saeilo, Inc., and Saeilo Machinery USA, Inc., policy number CPP 2160756, with effective dates of July 15, 1999 to July 15, 2000.
3. A true and accurate copy of the policy is annexed hereto.

**SIGNED UNDER THE PAINS AND PENALTIES OF PERJURY THIS SIXTH DAY
OF SEPTEMBER, 2005**

/s/ Janice Riley

Janice Riley, Litigation Specialist
Utica Mutual Insurance Company

 UTICA NATIONAL INSURANCE GROUP

Y9446
GPP 2160756

785309.

*This insurance policy
has been prepared for:*

SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.
630 ROUTE 303
BLAUVELT, NY 10913

*Presented by the Utica National
companies and your independent agent:*

STERLING & STERLING INC.
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

INSURED



UTICA NATIONAL INSURANCE GROUP

Y9446
CPP 2160756

SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.
630 ROUTE 303
BLAUVELT, NY 10913

We appreciate the opportunity to provide your insurance protection, through your local independent insurance agent.

Your policy and related documents are enclosed. Should you have any questions on these materials, please contact your agent immediately. Your agent's name and address are listed below.

Utica National, founded in 1914, is a leader in providing insurance coverage. We thank you for your business and we look forward to serving your insurance needs.

Sincerely,

PRESIDENT AND CEO

Utica National Insurance Group
Insurance that starts with you

STERLING & STERLING INC.
45 CROSSWAYS PARK DRIVE
WOODBURY NY 11797
(516) 487-0300

INSURED



UTICA NATIONAL INSURANCE GROUP

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

POLICY NUMBER: CPP 2160756

NAMED INSURED: SAETLO USA, INC., SAETLO, INC. & SAETLO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

BUSINESS DESCRIPTION: IMP./DIST. & MACH

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL PACKAGE POLICY — COMMON POLICY DECLARATIONS

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	\$ 11,398.08
Commercial General Liability Coverage Part	\$ 10,684.00
Commercial Crime Coverage Part	\$ 75.00
Commercial Inland Marine Coverage Part	\$ 75.00
Commercial Auto Coverage Part	\$ 100.00
TOTAL	\$ 22,332.08

Authorized Representative

REPRINT: CPP 03 2 2160756

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

8-D-CL Ed.:06-92

Included copyrighted material of Insurance Services Office, Inc. with its permission. Copyright Insurance Services Office, Inc., 1983, 1984

INSURED

09-12-00



UTICA NATIONAL INSURANCE GROUP

PAGE 1

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

POLICY NUMBER: CPP 2160756
RENEWAL OF CPP 2160756

NAMED INSURED: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

BUSINESS DESCRIPTION: IMP./DIST. & MACH.

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL PROPERTY COVERAGE PART—DECLARATIONS

Deductible is \$ 1,000 for Building and Business Personal Property coverages unless otherwise noted below.
See below and coverage forms for deductible(s) applicable to other items.

LOC/ BLDG.	FORM NUMBER	DESCRIBED PREMISES AND COVERAGES	LIMIT OF INSURANCE	PREMIUM
	CP0010 CP1030	YOUR BUSINESS PERSONAL PROPERTY - BLANKET CAUSES OF LOSS SPECIAL INCL. THEFT 90% COINSURANCE REPLACEMENT COST RESTATEMENT OF VALUES SEE SCHEDULE OF LOCATIONS 8-S-1023	\$ 1,800,000	\$ 4,824
001-001	CP0010 CP1030	BUILDING MASONRY NON-COMBUSTIBLE CAUSES OF LOSS SPECIAL INCL. THEFT 80% COINSURANCE REPLACEMENT COST	\$ 1,000,000	\$ 2,279
001-001	CP0030 CP1030	YOUR BUSINESS PERSONAL PROPERTY REPLACEMENT COST-YBPP INCL "STOCK" BUSINESS INCOME INCL. EXTRA EXPENSE OPTION III- OTHER THAN RENTAL VALUE CAUSES OF LOSS SPECIAL INCL. THEFT 80% COINSURANCE	\$ 1,000,000	\$ 2,372

NEW YORK FIRE INSURANCE FEE \$ 62.08
PREMIUM for this Coverage Part \$ 11,398.08

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART:

SEE 8-S-1018

MORTGAGE HOLDER:

REPRINT

CPP CP 03 4 2160756

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORMS AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

8-D-CP Ed. 01-92

Included copyrighted material of Insurance Services Office, Inc., with its permission. Copyright, Insurance Services Office, Inc., 1983, 1994

INSURED

03-11-99

**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

POLICY NUMBER: CPP 2160756

DESCRIPTION OF PREMISES AND COVERAGES PROVIDED

Loc/ Bldg.	Form Number	Described Premises and Coverages	Limit of Insurance	Premium
001-001	8D2274	COMMERCIAL PROPERTY COVERAGE PART DATA PROCES	SEE FORM	\$ 784
	8E17791	UNI-FLEX ENDORSEMENT		\$ 150
	8E2637	EQUIPMENT BREAKDOWN COVERAGE		\$ 927

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART— CONTINUED:
SEE 8-S-1018

POLICY NUMBER: CPP 2160756

COMMERCIAL PROPERTY

SUPPLEMENTAL DECLARATIONS BLANKET

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Schedule of Premises

Location/ Building	Described Premises
001	IMPORTER/DISTRIBUTOR & MACHINE SHOP 630 ROUTE 303 BLAUVELT, NY 10913 PROTECTION CLASS 04
001-001	MASONRY NON-COMBUSTIBLE
002	OFFICE 382 ROUTE 59 MONSEY, NY 10950 PROTECTION CLASS 04
002-001	JOISTED MASONRY

POLICY NUMBER: GPP 2160756

COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 BUSINESSOWNERS
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM ----	EDITION -----	TITLE -----
IL0017	1198	COMMON POLICY CONDITIONS
CP0090	0788	COMMERCIAL PROPERTY CONDITIONS
CP0010	1091	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP1218	1091	LOSS PAYABLE PROVISIONS
8E17791	0798	UNI-FLEX ENDORSEMENT
8E2637	0998	EQUIPMENT BREAKDOWN COVERAGE
CP0133	0497	NEW YORK CHANGES
8E2721	0798	EXCLUSION: COMPUTER AND OTHER ELECTRONIC-RELATED PROBLEMS
IL0268	0498	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
IL0183	0498	NEW YORK CHANGES - FRAUD
CP0030	1091	BUSINESS INCOME COVERAGE FORM (AND EXTRA EXPENSE)
IL0415	1091	PROTECTIVE SAFEGUARDS
8C2274	0296	DATA PROCESSING COVERAGE FORM
8E2794	0998	MECHANICAL/ELECTRICAL BREAKDOWN REDEFINED
8D2274	0296	COMMERCIAL PROPERTY COVERAGE PART DATA PROCESSING DECLARATIONS
CP1030	1091	CAUSES OF LOSS-SPECIAL FORM

POLICY NUMBER: CPP 2160756

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**LOSS PAYABLE PROVISIONS
SUPPLEMENTAL SCHEDULE**

This endorsement modifies Insurance provided under the following:

LOSS PAYABLE PROVISIONS**SUPPLEMENTAL SCHEDULE**

Prem. No.	Bldg. No.	Description of Property	Loss Payee (Name & Address)	Provisions Applicable		
				Loss Payable	*Lender's Loss Payable	Contract Of Sale
1	1	1 SAEILO TNL-60 #2C060-00202, 2 USED SAEILO MACH-3 #1H412-00022 & 2G412-00033, 1 SAEILO TNV-80 # 2B05100466 \$247220	ORIX CREDIT ALLIANCE, INC. 100 DUTCH HILL RD., SUITE 122 ORANGEBURG, NY 10962	X		
1	1	LEASE # 0696743, 0696744 0696745	COPELCO CAPITAL, INC. ITS SUCCESSORS &/OR ASSIGNS 700 EAST GATE DRIVE MT. LAUREL, NJ 08054	X		
1	1	MINOLTA 4000 COPIER VALUED AT \$9,200	MINOLTA BUSINESS SYSTEMS 15325 SE 30TH PLACE STE 100 BELLEVUE, WA 98007	X		

*(Not applicable in Washington State)

COMMERCIAL PROPERTY

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property for which a Limit of Insurance is shown in the Declarations:

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Permanently installed:
 - (a) Fixtures;
 - (b) Machinery; and
 - (c) Equipment;
- (3) Outdoor fixtures;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(5) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the building or structure;
- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock;"
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Piling, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of the building described in the Declarations;
- m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (c) Rowboats or canoes out of water at the described premises;
- p. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages**a. Debris Removal**

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
 - (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.
- (3) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 10 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants." But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

(1) You may extend the insurance that applies to Building to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than \$250,000 at each building.

(2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is 10% of the Limit

of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$100,000 at each building.

(3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- (a) This policy expires.
- (b) 30 days expire after you acquire or begin to construct the property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers and Records - Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$1,000 at each described premises.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock," that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control of your salespersons; or
- (3) At any fair or exhibition.

The most we will pay for loss or damage under this Extension is \$5,000.

e. Outdoor Property

You may extend the Insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant.

Each of these Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. EXCLUSIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

we will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage

exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- 4. Loss Payment**
- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
- (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
- (1) You have complied with all of the terms of this Coverage Part; and

- (2) (a) We have reached agreement with you on the amount of loss; or

- (b) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will:

- a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (1) Vandalism;
- (2) Sprinkler leakage, unless you have protected the system against freezing;
- (3) Building glass breakage;
- (4) Water damage;
- (5) Theft; or
- (6) Attempted theft.

- b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

Buildings under construction are not considered vacant.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

This provision does not apply to the following even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture;
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety glazing material if required by law.

e. Tenant's Improvements and Betterments at:

(1) Actual cash value of the lost or damaged property if you make repairs promptly.

(2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(3) Nothing if others pay for repairs or replacement.

f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

(1) Blank materials for reproducing the records; and

(2) Labor to transcribe or copy the records when there is a duplicate.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property. Instead, we will determine the most we will pay using the following steps:

(1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;

(2) Divide the Limit of Insurance of the property by the figure determined in step (1);

(3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and

(4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When:

The value of the property is \$250,000

The Coinsurance percentage for it is 80%

The Limit of Insurance for it is \$100,000

The Deductible is \$250

The amount of loss is \$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When:

The value of the property is \$250,000

The Coinsurance percentage for it is 80%

The Limit of Insurance for it is \$200,000

The Deductible is \$250

The amount of loss is \$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$200,000 \div \$200,000 = 1.00$

Step (3): $\$40,000 \times 1.00 = \$40,000$

Step (4): $\$40,000 - \$250 = \$39,750$

We will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When:

The value of property is:	
Bldg. at Location No. 1	\$75,000
Bldg. at Location No. 2	\$100,000
Personal Property at Location No. 2	\$75,000
	<u>\$250,000</u>

The Coinsurance percentage for it is 90%

The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$1,000

The amount of loss is Bldg. at Location No. 2 \$30,000

Personal Property at Location No. 2. \$20,000
\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$ (the minimum amount of Insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

G. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:

The applicable Limit of Insurance is	\$100,000
The annual percentage increase is	8%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is	
$\$100,000 \times .08 \times 146 \div 365 =$	
	\$3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
- (1) Property of others;
 - (2) Contents of a residence;
 - (3) Manuscripts;
 - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (5) "Stock," unless the Including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do

so within 180 days after the loss or damage.

- d. We will not pay on a replacement cost basis for any loss or damage:

- (1) Until the lost or damaged property is actually repaired or replaced; and
- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace, on the same premises, the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

H. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

COMMERCIAL PROPERTY

BUSINESS INCOME COVERAGE FORM (AND EXTRA EXPENSE)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G - DEFINITIONS.

A. COVERAGE

Coverage is provided as described below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- (i) Business Income Including "Rental Value."
- (ii) Business Income other than "Rental Value."
- (iii) "Rental Value."

If option (i) above is selected, the term Business Income will include "Rental Value." If option (iii) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss of or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

2. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

3. Additional Coverages

a. Extra Expense.

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

- (1) We will pay any Extra Expense to avoid or minimize the suspension of business and to continue "operations":
 - (a) At the described premises; or
 - (b) At replacement premises or at temporary locations, including:
 - (i) Relocation expenses; and
 - (ii) Costs to equip and operate the replacement or temporary locations.
- (2) We will pay any Extra Expense to minimize the suspension of business if you cannot continue "operations."
- (3) We will pay any Extra Expense to:
 - (a) Repair or replace any property; or
 - (b) Research, replace or restore the lost information on damaged valuable papers and records;
 to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

b. **Civil Authority.** We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

c. **Alterations and New Buildings.** We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations," the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. **Extended Business Income.** We will pay for the actual loss of Business Income you incur during the period that:

- (1) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (2) Ends on the earlier of:
 - (a) The date you could restore your "operations" with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or
 - (b) 30 consecutive days after the date determined in (1) above.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

4. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is 10% of the Limit of Insurance for Business Income shown in the Declarations, but not more than \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

B. EXCLUSIONS

See applicable Causes of Loss Form as shown in the Declarations.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

D. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (7) Cooperate with us in the investigation or settlement of the claim.

- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limitation - Electronic Media And Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

This limitation does not apply to Extra Expense.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 - September 1. Loss during the period September 2 - October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30 - October 15 is not covered.

4. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The Likely Net Income of the business if no loss or damage occurred;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- (a) The salvage value that remains of any property bought for temporary use during the "period of restoration," once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- (2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations," in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

- a. You have complied with all of the terms of this Coverage Part; and
- b. (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

E. ADDITIONAL CONDITION**Coinsurance**

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:

- a. The Coinsurance percentage shown for Business Income in the Declarations; times
- b. The sum of:

- (1) The Net Income (Net Profit or Loss before income taxes), and

- (2) All operating expenses, including payroll expenses,

that would have been earned (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
2. Divide the Limit of Insurance for the described premises by the figure determined in step 1; and
3. Multiply the total amount of loss by the figure determined in Step 2.

We will pay the amount determined in step 3, or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000
 The Coinsurance percentage is 50%
 The Limit of Insurance is \$150,000
 The amount of loss is \$80,000

Step 1: $400,000 \times 50\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$150,000 \div \$200,000 = .75$

Step 3: $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000
 The Coinsurance percentage is 50%
 The Limit of Insurance is \$200,000
 The amount of loss is \$80,000

Step 1: $400,000 \times 50\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$200,000 \div \$200,000 = 1.00$

Step 3: $\$80,000 \times 1.00 = \$80,000$

We will cover the \$80,000 loss. No penalty applies.

This condition does not apply to the Extra Expense Additional Coverage.

F. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for loss of Business Income is the lesser of:

- (1) The amount of loss sustained during the 120 days immediately following the direct physical loss or damage; or
- (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the direct physical loss or damage is:
- (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example:

When: The Limit of Insurance is \$120,000

The fraction shown in the Declarations for this Optional Coverage is 1/4

The most we will pay for loss in each period of 30 consecutive days is:

$\$120,000 \times 1/4 = \$30,000$

If, in this example, the actual amount of loss is:

Days 1-30	\$40,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$90,000

We will pay:

Days 1-30	\$30,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$80,000

The remaining \$10,000 is not covered.

3. Agreed Value

- a. To activate this Optional Coverage:
- (1) A Business Income Report/Work Sheet must be made a part of this policy and must show financial data for your "operations":

- (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) An Agreed Value must be shown in the Declarations or on the Work Sheet. The Agreed Value should be at least equal to:
- (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and Operating Expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:
- (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
- (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
- (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example:

When: The Limit of Insurance is \$100,000

The Agreed Value is \$200,000

The amount of loss is \$80,000

Step (a): $\$100,000 \div \$200,000 = .50$

Step (b): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under paragraph A.3.d., Extended Business Income, the number "30" in subparagraph (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

G. DEFINITIONS

1. "Finished Stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

- Your business activities occurring at the described premises; and
- The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

3. "Period of Restoration" means the period of time that:

- Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- Regulates the construction, use or repair, or requires the tearing down of any property; or
- Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

The expiration date of this policy will not cut short the "period of restoration."

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

5. "Rental Value" means the:

- Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
- Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
- Fair rental value of any portion of the described premises which is occupied by you.

COMMERCIAL PROPERTY

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone Insured by this Insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. If this policy covers the interest of the owner of any of the following types of buildings or structures:

1. Residential (except 1 or 2 family buildings or structures);
2. Commercial; or
3. Industrial;

the following provision is added:

Before payment to you for loss or damage to the above buildings or structures caused by or resulting from fire, we will:

- (1) Deduct from your payment the claim of any tax district that issues a certificate of lien in accordance with the Insurance Law; and
- (2) Pay directly to the tax district the amount of the claim.

When we pay that claim, we will have no obligation to pay the amount of that claim to you. Our payment of that claim within 30 days of our receipt of the certificate of lien will be a conclusive presumption that the claim was valid and properly paid.

- B. The following is added to:

1. The DUTIES IN THE EVENT OF ACCIDENT, CLAIM OR SUIT Condition in the Legal Liability Coverage Form; and
2. Paragraph b. of the DUTIES IN THE EVENT OF LOSS Condition in the Mortgageholders Errors and Omissions Coverage Form:

- a. Notice given by or on your behalf; or
- b. Written notice by or on behalf of any claimant;

to any of our agents in New York State, which adequately identifies you, will be the same as notice to us.

C. LEGAL ACTION AGAINST US

1. The LEGAL ACTION AGAINST US Loss Condition in the Legal Liability Coverage Form is replaced by the following:

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from you; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment

against you; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

2. Paragraph b. of Additional Condition H.5. LEGAL ACTION AGAINST US in the Mortgageholders Errors and Omissions Coverage Form is replaced by the following:

- b. No person or organization has a right under Coverages C and D:

- (1) To join us as a party or otherwise bring us into a "suit" asking for damages from you; or
- (2) To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against you; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

- D. The EXAMINATION OF YOUR BOOKS AND RECORDS Common Policy Condition is replaced by the following:

EXAMINATION OF YOUR BOOKS AND RECORDS

1. Except as provided in 2. below, we may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
2. We will conduct an audit to determine the final premium due or to be refunded, for coverage for which an advance or deposit premium was paid based on estimated exposure. But the audit may be waived if:

- a. the total annual premium attributable to the auditable exposure base is not reasonably expected to exceed \$1,500; or
- b. the policy requires notification to the Insurer with the specific identification of any additional exposure units (e.g. buildings) for which coverage is requested.

If an audit is not waived, it must be completed within 180 days after:

- a. The expiration date of the policy; or
 - b. The anniversary date, if this is a continuous policy or a policy written for a term longer than one year.
- E. The following sentence is deleted from paragraph A. in the Legal Liability Coverage Form:
- We will have the right and duty to defend any "suit" seeking those damages.
- The following sentence is added to paragraph A. in the Legal Liability Coverage Form:
- We will have the right and duty to defend any "suit" seeking those damages even if the allegations of the "suit" are groundless, false or fraudulent.
- F. The following sentence is deleted from paragraph A.3. in the Mortgageholders Errors and Omissions Coverage Form:
- We will have the right and duty to defend any "suit" seeking those damages.
- The following is added to paragraph A.3. in the Mortgageholders Errors and Omissions Coverage Form:
- We will have the right and duty to defend any "suit" seeking those damages even if the allegations of the "suit" are groundless, false or fraudulent.
- G. The following Condition is added to paragraph D. of the Legal Liability Coverage Form and paragraph H. of the Mortgageholders Errors and Omissions Coverage Form:

Transfer of Duties When a Limit of Insurance Is Used Up

- 1. If we conclude that, based on claims or "suits" which have been reported to us and to which this insurance may apply, a Limit of Insurance is likely to be used up in the payment of judgments or settlements, we will notify the first Named Insured, in writing, to that effect.
- 2. When the Limit of Insurance has actually been used up in the payment of judgments or settlements:
 - a. We will notify the first Named Insured, in writing, as soon as practicable, that:
 - (1) Such a limit has actually been used up; and

(2) Our duty to defend "suits" seeking damages subject to that limit has also ended.

- b. We will initiate, and cooperate in, the transfer of control, to any appropriate Insured, of all claims and "suits" seeking damages which are subject to that limit and which are reported to us before that limit is used up. That Insured must cooperate in the transfer of control of said claims and "suits."

We agree to take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such "suits" until such transfer is completed, provided the appropriate Insured is cooperating in completing such transfer.

We will take no action whatsoever with respect to any claim or "suits" seeking damages that would have been subject to that limit, had it not been used up, if the claim or "suit" is reported to us after that limit of Insurance has been used up.

- c. The first Named Insured, and any other Insured involved in a "suit" seeking damages subject to that limit, must arrange for the defense of such "suit" within such time period as agreed to between the appropriate Insured and us. Absent any such agreement, arrangements for the defense of such "suit" must be made as soon as practicable.
- 3. The first Named Insured will reimburse us for expenses we incur in taking those steps we deem appropriate in accordance with paragraph 2.b. above.

The duty of the first Named Insured to reimburse us will begin on:

 - a. The date on which the applicable limit of insurance is used up, if we sent notice in accordance with paragraph 1. above; or
 - b. The date on which we sent notice in accordance with paragraph 2.a. above, if we did not send notice in accordance with paragraph 1. above.
- 4. The exhaustion of any limit of Insurance by the payments of judgments or settlements, and the resulting end of our duty to defend, will not be affected by our failure to comply with any of the provisions of this Condition.

COMMERCIAL PROPERTY

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. - Definitions.

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations; that follow.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. **Ordinance or Law**

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
 - (2) Requiring the tearing down of any property, including the cost of removing its debris.

- b. **Earth Movement**

- (1) Any earth movement (other than sink-hole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.

- (2) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
 - (b) Ash, dust or particulate matter; or
 - (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

- c. **Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

- d. **Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

- e. **Off-Premises Services**

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- f. **War And Military Action**

- (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

- g. **Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
 - (2) Mudslide or mudflow;

- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision;
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or

- (2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or

- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- j. Rain, snow, ice or sleet to personal property in the open.

- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described premises, we will pay for that resulting loss or damage.

1. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified causes of loss."
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

of part or all of any property on or off the described premises.
4. **Special Exclusions**
The following provisions apply only to the specified Coverage Forms.
 - a. **Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form**
We will not pay for:
 - (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock;" or
 - (b) The time required to reproduce finished stock."

This exclusion does not apply to Extra Expense.
 - (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts or towers.
 - (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."
 - (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration."
 - (5) Any other consequential loss.
 - b. **Leasehold Interest Coverage Form**
 - (1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.
 - (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.
 - c. **Legal Liability Coverage Form**
 - (1) The following Exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph B.1.a., Ordinance or Law;
 - (b) Paragraph B.1.c., Governmental Action;
 - (c) Paragraph B.1.d., Nuclear Hazard;
 - (d) Paragraph B.1.e., Power Failure; and
 - (e) Paragraph B.1.f., War and Military Action.

(2) Contractual Liability

We will not defend any claim or "suit," or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

(3) Nuclear Hazard

We will not defend any claim or "suit," or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. LIMITATIONS**1. We will not pay for loss of or damage to:**

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, unless held for sale by you, caused by or resulting from theft, except as provided in C.5.a. below.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay more for loss of or damage to glass that is part of a building or structure than \$100 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalouse, louver or shutter. We will not pay more than \$500 for all loss of or damage to building glass that occurs at any one time.

This Limitation does not apply to loss or damage by the "specified causes of loss," except vandalism.

3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.

b. Animals, and then only if they are killed or their destruction is made necessary.

c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

- (1) Glass that is part of a building or structure;
- (2) Containers of property held for sale; or
- (3) Photographic or scientific instrument lenses.

d. Builders' machinery, tools, and equipment you own or that are entrusted to you, while away from the premises described in the Declarations, except as provided in paragraph C.5.b. below.

4. For loss or damage by theft, the following types of property are covered only up to the limits shown:

a. \$2,500 for furs, fur garments and garments trimmed with fur.

b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

c. \$2,500 for patterns, dies, molds and forms.

d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

5. Builders' Risk Coverage Form Limitations

The following provisions apply only to the Builders' Risk Coverage Form.

a. Limitation 1.d. is replaced by the following:

d. Building materials and supplies not attached as part of the building or structure caused by or resulting from theft.

b. Limitation 3.d. is replaced by the following:

d. Builders' machinery, tools and equipment you own or that are entrusted to you.

6. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

D. ADDITIONAL COVERAGE - COLLAPSE

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

1. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;

2. Hidden decay;

3. Hidden insect or vermin damage;

4. Weight of people or personal property;

5. Weight of rain that collects on a roof;

6. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss or damage to the following types of property, if otherwise covered in this Coverage Part, under items 2., 3., 4., 5. and 6. unless the loss or damage is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings, gutters and downspouts; yard fixtures; outdoor swimming pools; fences; pliers,

wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

1. **Property In Transit.** This Extension applies only to your personal property to which this form applies.

a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

b. Loss or damage must be caused by or result from one of the following causes of loss:

(1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.

(2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.

(3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

c. The most we will pay for loss or damage under this Extension is \$1000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. **Water Damage, Other Liquids, Powder or Molten Material Damage.** If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

F. DEFINITIONS

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or

- b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
 - a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

POLICY NUMBER: CPP 2160756

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**LOSS PAYABLE PROVISIONS**

This endorsement modifies Insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE**Provisions Applicable**

Loss Payable	Lender's Loss Payable	Contract Of Sale
-----------------	--------------------------	---------------------

Prem. No.	Bldg. No.	Description of Property
--------------	--------------	----------------------------

Loss Payee (Name & Address)

 ** SEE 8-E-2211 SCHEDULE **

A. When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.

The following is added to the LOSS PAYMENT Loss Condition, as indicated in the Declarations or by an "X" in the Schedule:

B. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and

2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

C. LENDER'S LOSS PAYABLE

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
 2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.
- All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

D. CONTRACT OF SALE

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

COMMON POLICY CONDITIONS

All Coverage Parts Included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

INTERLINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES - FRAUD

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART - FARM PROPERTY - OTHER FARM PROVISIONS FORM - ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART - MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE
FORM
FARM COVERAGE PART - LIVESTOCK COVERAGE FORM

The CONCEALMENT, MISREPRESENTATION OR FRAUD Condition is replaced by the following:

FRAUD

We do not provide coverage for any Insured ("insured") who has made fraudulent statements or engaged in fraudulent conduct in connection with any loss ("loss") or damage for which coverage is sought under this policy. However, with respect to insurance provided under the COMMERCIAL AUTOMOBILE COVERAGE PART, we will provide coverage to such "insured" for damages sustained by any person who has not made fraudulent statements or engaged in fraudulent conduct if such damages are otherwise covered under the policy.

INTERLINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**NEW YORK CHANGES - CANCELLATION
AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL CRIME COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 1., 2., 3. and 5. of the CANCELLATION Common Policy Condition are replaced by the following:

1. The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.

2. CANCELLATION OF POLICIES IN EFFECT:

a. 60 DAYS OR LESS

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 30 days before the effective date of cancellation if we cancel for any reason not included in paragraph A.2.a.(2) below.

(2) 15 days before the effective date of cancellation if we cancel for any of the following reasons:

- (a) Nonpayment of premium;
- (b) Conviction of a crime arising out of acts increasing the hazard Insured against;
- (c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;
- (d) After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard

Insured against, and that occurred subsequent to inception of the current policy period;

(e) Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, that results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, that causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;

(f) Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;

(g) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or

(h) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Insurance Department, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Insurance Department.

b. FOR MORE THAN 60 DAYS

If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed in paragraph A.2.a.(2) above, provided we mail the first Named Insured written notice at least 15 days before the effective date of cancellation.

3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the CANCELLATION Common Policy Condition:

7. If one of the reasons for cancellation in paragraphs A.2.a.(2) or D.2.b.(2) exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

C. The following Conditions are added:

1. NONRENEWAL

If we decide not to renew this policy we will send notice as provided in paragraph C.3. below.

2. CONDITIONAL RENEWAL

If we conditionally renew this policy subject to a:

- a. Change of limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased deductible;
- e. Addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in paragraph C.3. below.

3. NOTICES OF NONRENEWAL AND CONDITIONAL RENEWAL

- a. If we decide not to renew this policy or to conditionally renew this policy as provided in paragraphs C.1. and C.2. above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:

- (1) The expiration date; or
- (2) The anniversary date if this is a continuous policy.

- b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.

- c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.

- d. If we violate any of the provisions of paragraphs C.3.a., b. or c. above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:

- (1) Coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or

delivered, unless the first Named Insured, during this 60 day period, has replaced the coverage or elects to cancel.

- (2) On or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.

- e. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.

D. The following provisions apply when the COMMERCIAL PROPERTY COVERAGE PART or the FARM COVERAGE PART is made a part of this policy:

1. Items D.2. and D.3. apply if this policy meets the following conditions:

- a. The policy is issued or issued for delivery in New York State covering property located in this state; and

- b. The policy insures:

- (1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
- (2) For loss of or damage to personal property other than farm personal property or business property; or
- (3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and

- c. The portion of the annual premium attributable to the property and contingencies described in 1.b. exceeds the portion applicable to other property and contingencies.

2. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:

2. Procedure and Reasons for Cancellation

- a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation if we cancel for non-payment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- b. But if this policy:

- (1) Has been in effect for more than 60 days; or
- (2) Is a renewal of a policy we issued;

we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Conviction of a crime arising out of acts increasing the risk of loss;
- (3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
- (4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
- (5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
 - (a) Issued the policy; or
 - (b) Last voluntarily renewed the policy;
- (6) The Superintendent of Insurance's determination that continuing the policy would violate Chapter 28 of the Insurance Law; or
- (7) Required pursuant to a determination by the Superintendent of Insurance that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.

3. The following are added:

a. CONDITIONAL CONTINUATION

Instead of cancelling this policy, we may continue it on the condition that:

- (1) The policy limits be changed; or
- (2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

b. NONRENEWAL

If, as allowed by the laws of New York State, we:

- (1) Do not renew this policy; or
- (2) Condition policy renewal upon:
 - (a) Change of limits; or
 - (b) Elimination of coverage;

we will mail or deliver written notice of nonrenewal or conditional renewal:

- (a) At least 45 days; but
- (b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

E. The following is added to the FARM PROPERTY - OTHER FARM PROVISIONS FORM - ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS and the COMMERCIAL PROPERTY COVERAGE PART:

When the property is subject to the Anti-Arson Application in accordance with New York Insurance Department Regulation No. 96, the following provisions are added:

Unless you return the completed, signed and affirmed anti-arson application to us:

- 1. Or our broker or agent within 45 days of the effective date of the policy, we will rescind this entire policy by giving:
 - a. 5 days written notice to you; and
 - b. 10 days written notice to the mortgage holder shown in the Declarations.
- 2. 15 days before the expiration date of the policy, we will not renew the policy. We will give written notice of nonrenewal:
 - a. To you at least 5 days before the expiration date of the policy; and

- b. To the mortgage holder shown in the Declarations at least 10 days before the expiration of the policy.

These nonrenewal provisions supersede all other such provisions of this policy including this endorsement.

If the notice in 1. or 2. above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

F. The following applies to the COMMERCIAL PROPERTY COVERAGE PART and the FARM COVERAGE PART:

Paragraphs f. and g. of the MORTGAGE HOLDERS Condition are replaced by the following:

f. CANCELLATION

- (1) If we cancel this policy, we will give written notice to the mortgage holder at least:
 - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (2) If you cancel this policy, we will give written notice to the mortgage holder. With respect to the mortgage holder's interest only, cancellation will become effective on the later of:
 - (a) The effective date of cancellation of the insured's coverage; or
 - (b) 10 days after we give notice to the mortgage holder.

g. NONRENEWAL

- (1) If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.
- (2) If you elect not to renew this policy, we will give written notice to the mortgage holder. With respect to the mortgage holder's interest only, nonrenewal will become effective on the later of:
 - (a) The expiration date of the policy; or
 - (b) 10 days after we give notice to the mortgage holder.

- G. The following provisions apply when the following are made a part of this policy:

COMMERCIAL GENERAL LIABILITY
COVERAGE PART

FARM LIABILITY COVERAGE FORM

LIQUOR LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS
LIABILITY COVERAGE PART

1. The aggregate limits of this policy as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with paragraph C.3.d. above.

2. The last sentence of LIMITS OF INSURANCE does not apply when the policy period is extended because we sent the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice.

POLICY NUMBER: CPP 2160756

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART**SCHEDULE***

Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable
1	1	P-1

Describe any "P-9":

1. The following is added to the:

Commercial Property Conditions
General Conditions in the Farm Property
Coverage Form
General Conditions in the Mobile Agricultural
Machinery and Equipment Coverage Form
General Conditions in the Livestock Coverage
Form**PROTECTIVE SAFEGUARDS**

- a. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
- b. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System,
including related supervisory services.

Automatic Sprinkler System means:

- (1) Any automatic fire protective or extinguishing system, including connected:
- (a) Sprinklers and discharge nozzles;
 - (b) Ducts, pipes, valves and fittings;

(c) Tanks, their component parts and supports; and

(d) Pumps and private fire protection mains.

(2) When supplied from an automatic fire protective system:

(a) Non-automatic fire protective systems; and

(b) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

(1) Connected to a central station; or

(2) Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.**"P-4" Service Contract** with a privately owned fire department providing fire protection service to the described premises.**"P-9"** The protective system described in the Schedule.

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

2. The following is added to the EXCLUSIONS section of:

CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM
MORTGAGE HOLDERS ERRORS AND
OMISSIONS COVERAGE FORM
STANDARD PROPERTY POLICY
FARM PROPERTY COVERAGE FORM
MOBILE AGRICULTURAL MACHINERY AND
EQUIPMENT COVERAGE FORM
LIVESTOCK COVERAGE FORM

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

- a. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
- b. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

COMMERCIAL PROPERTY

DATA PROCESSING COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The word "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION F - DEFINITIONS.

A. COVERAGE**1. Scheduled Coverages****a. Data Processing Equipment**

If a limit is shown in the Declarations for "data processing equipment" we will pay for "loss" to "data processing equipment" you own, lease, or rent from others or that you are legally responsible for. Such "loss" must be from RISKS OF DIRECT PHYSICAL "LOSS" except those causes of "loss" listed in the Exclusions.

b. Data, Media, and Computer Programs

If a limit is shown in the Declarations for "data," "media," and computer programs we will pay for "loss" to "data," computer programs, software, and "media" you own, lease, or rent from others or that you are legally responsible for. Such "loss" must be from RISKS OF DIRECT PHYSICAL "LOSS" except those causes of "loss" listed in the Exclusions.

c. Extra Expense

(1) If a limit is shown in the Declarations for extra expense we will pay the actual and necessary extra expenses you have to continue your normal data processing operations because of direct physical "loss" to any of the following:

- (a) Property Insured under this Coverage Form;
- (b) The building housing your data processing operations if the damage prevents you from using your data processing facilities; or
- (c) The air conditioning or electrical systems needed to operate your data processing equipment if such damage to the system occurs inside the building or within 100 feet of it.

Such "loss" must have occurred during the "policy period."

(2) Extra expenses are operating expenses over and above those you would normally have had in

conducting your operations if no damage had occurred, e.g., expenses for renting or using alternate property or facilities.

Extra expenses are combined with "data processing equipment," "data," and "media" "losses" and the deductible in the Declarations is applied to the total "loss" from any one occurrence.

- (3) We will pay extra expenses from the date of "loss" until the date when the property in (1) above should reasonably have been repaired or replaced. If you get property to use temporarily until you resume your normal data processing operations, we will subtract its remaining value when we figure the total of your extra expenses. You agree to resume your normal operations as soon as possible.
- (4) We will also cover necessary extra expenses you have in continuing data processing operations if you are prevented from getting to your facilities by the Health Department, Police Department, Fire Department, or other civil authority because of damage to property adjacent to any location scheduled in the Declarations. We will pay for these extra expenses from the time the damage occurs, up to two consecutive weeks.

The excluded causes listed in the Exclusions section of this Coverage Form for extra expenses are also excluded for the coverage in (4).

d. Business Income

- (1) If a limit is shown in the Declarations for business income we will pay for the time your business operations are totally or partially interrupted subject to the total limit and limit for each working day. Such interruptions of your business operations must have resulted from direct physical "loss" to any of the following:

- (a) Property insured under this Coverage Form;
- (b) The building housing your data processing operations if the damage prevents you from using your data processing facilities; or
- (c) The air conditioning or electrical systems needed to operate your data processing equipment if such damage to the system occurs inside the building or within 100 feet of it.

Such "loss" must have occurred during the "policy period."

Business income is subject to the applicable deductible shown in the Declarations.

(2) Total Interruption

We will pay the amount shown in the Declarations as the limit for each working day at the covered location for each 24 hour day when you cannot perform your data processing operations.

If during the time of interruption you could resume partial operations we will pay from that time according to (3) below.

(3) Partial Interruption

We will pay a percentage of your limit for each working day, at the covered location, for any partial interruption of your data processing operations. The percentage will equal your lost production divided by your normal production (production if no loss had occurred).

For example:

A fire at a covered location causes a shutdown of part of your data processing operations, causing a \$50,000 loss of production. Your normal production would have been \$250,000 for the period. Your business income limit for each working day is \$3,000.

$$\frac{\$ 50,000 \text{ (lost production)}}{\$250,000 \text{ (normal production)}} = .20 \times \$3,000 = \$600$$

\$600 is the applicable business income limit for each working day. Our coverage is still subject to the total limit as shown in (4) below.

(4) Total Limit

We will pay for business income from the date of "loss" until the date when the property in (1) above

should reasonably have been repaired or replaced, but the most we will pay for "loss" in any one occurrence is the total limit for business income.

(5) Civil Authority

We will also make business income payments if you are prevented from getting to your facilities by the Health Department, Police Department, Fire Department, or other civil authority because of damage to property adjacent to any location scheduled in the Declarations. Coverage will begin at the time the damage occurs and will continue for up to two consecutive weeks.

The excluded causes listed in the Exclusions section of this Coverage Form for business income are also excluded for the coverage in (5).

(6) Helping to Reduce Your Loss

(a) If you can help restore your business income by resuming operations at the affected location or by making use of other property at other locations, you must do so.

(b) We will pay any expenses you have that are necessary to restore your business income (except expenses for putting out a fire). We will not pay those expenses that exceed the amount by which they restore your business income.

2. Covered Equipment - Leased or Rented

a. You must advise us within 30 days of any change in a lease or rental agreement for "data processing equipment" which affects your legal responsibility for "loss" to such equipment.

3. Property Not Covered:

- a. Contraband, or property in the course of illegal transportation or trade;
- b. Property you rent or lease to others while it's away from your locations;
- c. "Data" or "media" which can't be replaced with others of the same kind or quality unless insured for a specific amount per article; and
- d. Program supportive documentation such as flow charts, record formats, or narrative descriptions, unless they are converted to "data" form, and then only in that form.

4. Additional Coverages**a. Collapse**

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of a building or any part of a building or structure caused only by one or more of the following.

- (1) Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice, or sleet; water damage; all only as covered in this Coverage Form;
- (2) Hidden decay;
- (3) Hidden insect or vermin damage;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;
- (6) Use of defective materials or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

b. Fire Extinguishing Systems Discharge

- (1) We will pay for the cost to refill, provided you do refill, your fire extinguishing protection systems installed to protect your data processing operations if they discharge as intended to control loss or damage covered by this Coverage Form.

If you and we agree, you may refill your discharged fire extinguishing protection system with an alternate extinguishing agent. The alternate extinguishing agent must be mutually agreed upon and must be approved by Underwriters Laboratories, Inc. or another nationally recognized testing laboratory. We will not pay for the cost to adapt your extinguishing system to your alternate choice of extinguishing agents.

- (2) We will also pay such cost if the systems discharge accidentally, but not if they discharge during installation, repair, or recharging.
- (3) You must keep the system in proper working order and repair to maintain this Coverage.

c. Debris Removal

- (1) We will pay the cost of removing debris of covered "data," "data processing equipment," and "media" that is damaged or destroyed by a "loss" insured under this Coverage Form. The "loss" must have occurred during the policy period.
- (2) The only coverage provided by this Coverage Form for clean up or removal of "pollutants" is the limited coverage under the Additional Coverage for Pollutant Clean Up and Removal.

d. Preservation of Property

We will pay, according to the terms of this policy, for direct physical "loss" to covered property while being moved from premises endangered by "loss" which would be insured on this Coverage Form, or at the premises to which it is moved. You must advise us in writing within ten days after the property is first moved.

e. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge, or dispersal of the "pollutants" is caused by or results from direct physical "loss" insured under this Coverage Form. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (1) The date of direct physical "loss"; or
- (2) The end of the policy period.

The most we will pay for each location under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of covered "loss" occurring during each separate 12 month period of this policy.

f. Coverage for Checks

If you are a financial institution we will cover the replacement of the following items as "data" if they are in the form shown:

- (1) Checks that are cashed or deposited from the time their face value has been encoded on them; or
- (2) Other documents from the time the code numbers that apply have been encoded on them.

Our coverage is only for such items' value as "data" and not their face value.

g. Duplicate and Backup Data

If you store duplicate and backup "data" in a separate building at least 100 feet from any scheduled location and there is no other insurance for such "data," we will provide up to \$50,000 of "data" and "media" coverage at such location.

Any greater limit must be purchased and scheduled specifically.

h. Mechanical/Electrical Breakdown Coverage - Data Processing

We will pay according to the terms of this policy and subject to the Breakdown Deductible, for direct physical "loss" to covered "data processing equipment," "data" and "media" inside your building. But only if such "loss" is caused by:

1. Mechanical breakdown or machinery breakdown; or
2. Short circuit, blow-out, or other electrical damage to electrical equipment, apparatus, or devices including wiring, or "media."

We will not pay for "loss" caused by any change in your electric power supply, such as interruption, power surge or brown-out, if the change originates more than 1,000 feet from the building containing your "data processing equipment."

As respects this Additional Coverage, exclusions 4.b., 4.f. and 4.h. do not apply.

5. Coverage Extensions

a. Newly Acquired Equipment

- (1) We will pay for "loss" to newly acquired "data processing equipment" up to 25% of the Limit of Insurance for Data Processing Equipment at any Fixed Location shown in the Declarations.

Our maximum limit of insurance for this extension is \$100,000. This insurance and limit apply for each location shown in the Declarations or to newly acquired equipment at any new location.

- (2) You must report such new equipment to us within 60 days of its acquisition for coverage to apply. You agree to pay the extra premium for such additional equipment from the date you acquired it.

b. New Location Coverage

- (1) We will pay for "loss" to "data processing equipment" we already covered at any new location you occupy up to \$100,000 per new location.
- (2) You must report such new location to us within 60 days of the date of moving any "data processing equipment" to it for coverage to apply. You agree to pay any required additional premium if the rate for the new location is different from the old.

B. EXCLUSIONS

1. We will not pay for "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss":

a. Governmental Action

Seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

d. Pollution

- (1) Release, discharge, or dispersal of "pollutants."
- (2) Removal, disposal, decontamination, or replacement of insured property which has been contaminated by "pollutants" and by law or civil authority must be restored, disposed of, or decontaminated.

See the limited coverage for Pollutant Clean Up or Removal in the Additional Coverages section of this Coverage Form.

2. We will not pay under the Extra Expense Coverage for:

- a. Loss of income or any related indirect loss such as loss of a sale or market.
- b. Direct or indirect damage to property or "loss" that is insurable under a property damage policy.

- c. The cost to repair or replace any damaged physical property. However, we will pay any expenses you incur over the normal cost of such repair or replacement which is necessary to reduce your total extra expenses due to a covered loss.
The most we will pay for such extra expense for repair or replacement is the amount by which it reduces your total extra expense loss.
- 3. We will not pay under the Extra Expense or Business Income Coverages for extra expenses or reduced income caused by:
 - a. **Strikes**
Strikers or other persons interference with rebuilding, repairing, or replacing work at the site of your damaged business causing a delay in resumption of your normal business operations.
 - b. **Programming Errors**
Programming errors or incorrect instructions to the machine.
 - c. **Construction Laws**
Any law governing the construction, repair, or demolition of buildings or other structures.
 - d. **Leases**
The suspension, cancellation, or lapse of a lease, contract, or order.
- 4. We will not pay for "loss" caused by or resulting from any of the following:
 - a. **Delay**
Delay, loss of use, loss of market or any other consequential loss.
 - b. **Mechanical Breakdown**
Mechanical breakdown, failure, changes in the arrangement of machine parts, error, omission, or deficiency in design, specifications, materials, or workmanship. But if a fire or explosion results, we will pay for "loss" caused by the fire or explosion.
 - c. **Tricks**
Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device, or false pretense.
 - d. **Unauthorized Instructions**
Unauthorized instructions to transfer property to any person or to any place.
 - e. **Corrosion, Rust**
Corrosion, rust, or changes in humidity or temperature unless as the direct result of "loss" to the data processing system's air conditioning system caused by a peril insured against under this Coverage Form.

f. **Processing**

Processing operations, or that which occurs while covered property is being worked on. But if a fire or explosion results, we will pay for "loss" caused by the fire or explosion.

g. **Dishonest Acts**

Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives, or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; and
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

h. **Electricity**

Electricity, other than lightning, which causes damage to electrical equipment or wiring. But if a fire results, we will pay for "loss" caused by the fire.

- 5. We will not pay for "loss" caused by or resulting from any of the following. But if "loss" insured under this Coverage Form results, we will pay for that resulting "loss":
 - a. Acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body.
 - b. Faulty, inadequate, or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation, or remodeling; or
 - (4) Maintenance;

of part or all of any property wherever located.

c. **Collapse**

Collapse except as provided in the Additional Coverage - Collapse section of this Coverage Form.

d. **Wear and Tear**

Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration; insects, vermin, or rodents.

of part or all of any property wherever located.

c. **Collapse**

Collapse except as provided in the Additional Coverage - Collapse section of this Coverage Form.

d. **Wear and Tear**

Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration; insects, vermin, or rodents.

C. **LIMITS OF INSURANCE**

- 1. The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The limits that apply to "data processing equipment," "data," "media," and computer programs, extra expense coverage, and business income coverage are shown in the Declarations. These limits are the most we'll pay under these coverages no matter how many protected persons are involved or how many claims are made involving one event. Separate limits are shown for each location and each type of coverage.
3. These limits include any expense you have in protecting damaged property or salvage charges, and won't be reduced by any loss. There are two limits that apply to the business interruption coverage. The "each working day limit" is the most we'll pay per 24-hour day when you would normally conduct business. The "total limit" is the total we'll pay for each interruption at any one location.
4. The limits applicable to the Coverage Extensions and the Pollutant Clean Up and Removal Additional Coverage are in addition to the Limits of Insurance.
5. Payments under the following Additional Coverage will not increase the applicable Limit of Insurance:
 - a. Preservation of Property; or
 - b. Debris Removal; but if the sum of direct physical "loss" and debris removal expense exceeds the Limit of Insurance we will pay up to an additional \$5,000 for each of your locations in any one occurrence under the Debris Removal Additional Coverage.

D. DEDUCTIBLE

1. Except for "loss" covered under Additional Coverage h., Mechanical/Electrical Breakdown Coverage, we will not pay for "loss" in any one occurrence until the amount of the adjusted "loss," before applying the applicable Limits of Insurance, exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limits of Insurance.
2. For "loss" covered under Additional Coverage h., Mechanical/Electrical Breakdown Coverage, we will not pay for "loss" in any one occurrence until the amount of the adjusted "loss," before applying the applicable Limit of Insurance, exceeds the Breakdown Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. DATA PROCESSING CONDITIONS

For insurance provided by this Coverage Form, the Common Policy Conditions and Commercial Property Conditions apply except as stated below:

1. Condition B., CONTROL OF PROPERTY, of the Commercial Property Conditions does not apply.
2. Condition G., OTHER INSURANCE, of the Commercial Property Conditions is replaced by the following.

G. OTHER INSURANCE

1. If there is other insurance available to cover the same "loss" as the insurance under this Coverage Form what we will pay depends on what property is involved and what type of other insurance exists. In any event the amount of our deductible will be taken from our payment and our maximum payment will be the limit in our Declarations Schedule.

2. Other Data Processing Insurance

If other data processing insurance covers a "loss" to "data processing equipment," "data," or "media" and the "loss" is also covered under this Coverage Form, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

3. Other Property Insurance

If insurance other than data processing insurance covers a loss to "data processing equipment," "data," or "media" and the loss is also covered under this Coverage Form, this Coverage Form is primary insurance. This means we'll pay your covered "loss" up to the limit of coverage that applies. Any "loss" over that limit will be the responsibility of the other insurance.

4. Other Extra Expense or Business Income Insurance

If any other insurance covers any extra expense or business income that is also covered under this Coverage Form, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

3. And the following conditions also apply:

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

If we and you disagree on the value of the property or the amount of "loss," either may make written demand for an appraisal of the "loss." In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of "loss." If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

c. Duties in the Event of Loss

You must see that the following are done in the event of "loss" to covered property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the "loss." Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the "loss" occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for consideration in the settlement of the claim.
- (5) Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.
- (6) Permit us to inspect the property and records proving "loss."
- (7) If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
- (8) Send us a signed, sworn statement of "loss" containing the information we request to settle the claim. You must

do this within 60 days after our request. We will supply you with the necessary forms.

- (9) Promptly send us any legal papers or notices received concerning the "loss."
- (10) Cooperate with us in investigation or settlement of the claim.

d. Pair, Sets, or Parts

- (1) Pair or Set. In case of "loss" to any part of a pair or set we may:
 - a. Repair or replace any part to restore the pair or set to its value before the "loss"; or
 - b. Pay the difference between the value of the pair or set before and after the "loss."

- (2) Parts. In case of "loss" to any part of covered property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

e. Privilege to Adjust with Owner

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

- (1) Settle the "loss" with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.
- (2) Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

f. Recoveries

Any recovery or salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been made up.

g. Reinstatement of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim.

h. Valuation

In the event of "loss" the value of "data processing equipment" will be determined as of the time of "loss" on one of the following bases as noted in the Declarations Schedule:

- (1) Actual cash value of that property;
- (2) Replacement cost, meaning the cost of repairing or replacing the property with material of the same kind and quality, but not more than the limit of coverage that applies to the equipment; or

- (3) Upgraded value, meaning the cost of replacing destroyed equipment with equipment which can perform the same function as the destroyed equipment, but has greater processing ability. The following conditions apply for upgraded value:

(a) You must give us a list of equipment including:

(i) A description and current replacement cost for each piece of insured equipment which you plan to upgrade; and

(ii) The description and current cost for each upgraded item.

(b) There must be a total "loss" of the currently insured equipment. For partial loss we will pay for the equipment on a replacement cost basis as explained in (2) above.

(c) We will not pay you more than the least of the following:

(i) The amount you actually spend to replace the current item;

(ii) The amount you showed as the current cost of the upgraded item on the latest list you gave to us; or

(iii) The limit of coverage that applies to the equipment.

(d) We will not pay on an upgraded value basis until you have purchased the upgraded item and given us the description and current cost of the upgraded item. Before that we will pay for the equipment on a replacement cost basis as explained in (2) above.

For "data" and "media," valuation will be based on the actual cost of reproduction of such "data" and "media" provided you actually do replace or reproduce them; otherwise on the value of the blank "media" on which the "data" is recorded.

I. Loss Payment

(1) In the event of "loss" covered by this Coverage Part, at our option, we will either:

(a) Pay the value of lost or damaged property as determined in a. above;

(b) Pay the cost of repairing or replacing the lost or damaged property;

(c) Take all or any part of the property at an agreed or appraised value; or

(d) Repair, rebuild, or replace the property with other property of like kind and quality.

(2) We will give notice of our intentions within 30 days after we received the sworn statement of loss.

(3) We will not pay you more than your financial interest in the covered property.

(4) We may adjust "losses" with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the covered property.

(5) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

(6) We will pay for covered "loss" within 30 days after we receive the sworn statement of loss, if:

(a) You have complied with all of the terms of this Coverage Part; and

(b) You and we have agreed on the amount of loss or an appraisal award has been made.

j. Coinsurance

All "data processing equipment" items that are covered must be insured for at least 90% of their total value as of the time of "loss" or you will incur a penalty. Value is to be determined on either an actual cash value, replacement cost, or upgraded value basis as shown in the Declarations.

We will not pay the full amount of any "loss" if the Limit of Insurance for the property is less than 90% of the total value of the covered property at the time of "loss."

Instead, we will determine the most we will pay using the following steps:

(1) Multiply the value of Covered Property at the time of "loss" by .90;

(2) Divide the Limit of Insurance of the property by the figure determined in step (1);

(3) Multiply the total amount of the covered "loss," before the application of any deductible, by the figure determined in step (2); and

- (4) Subtract the deductible from the figure determined in step (3).

The amount determined in step (4) is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the "loss" yourself.

Example:

- Property value is \$100,000	\$100,000
(at time of "loss")	x .90
Step (1)	\$ 90,000
- Limit of Insurance is \$45,000	\$45,000 ÷ \$90,000
Step (2)	= .50
- Amount of "loss" is \$10,000	\$10,000
	x .50
Step (3)	\$ 5,000
- Deductible amount (if \$100)	\$ 5,000
	- \$100
Step (4)	\$ 4,900

To have received full payment, except for the deductible, you would have had to carry a Limit of Insurance of at least \$90,000.

F. DEFINITIONS

1. "Data" means facts, concepts, or instructions in a form usable for communication, interpretation, or processing by automatic means. It includes computer programs, but not "media."
2. "Data Processing Equipment" means a network of machine components capable of accepting information, processing it according to a plan, and producing a desired result. It does not include "data," "media," computer programs, or software. It also includes air conditioning equipment used exclusively in your data processing operations.
3. "Loss" means accidental loss or damage.
4. "Media" means materials on which "data" are recorded, such as magnetic tapes, disks, disk packs, drums, paper tapes, and cards.
5. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

Issuing
Company:

UTICA NATIONAL INSURANCE GROUP

A MEMBER OF UTICA NATIONAL INSURANCE GROUP

**COMMERCIAL PROPERTY COVERAGE PART
DATA PROCESSING DECLARATIONS**

The following spaces preceded by an asterisk (*) need not be completed if this Coverage Form and the Policy have the same inception date.

Attached To and Forming Part of Policy No.	*Effective Date of Coverage Form	*Issued To
CPP 2160756		

In return for payment of the premium, and subject to all the terms of this policy we agree with you to provide the insurance as stated in this policy. Coverage is provided only where a limit is shown. **Schedule**

Data Processing Equipment		Valuation of Equipment	
		<input type="checkbox"/> Actual Cash Value	<input type="checkbox"/> Replacement Cost <input type="checkbox"/> Upgraded Value
Location No.	Location Description	Limit of Insurance	
1	EQUIPMENT	\$170,000	

Data, Media, and Computer Programs Limits			
Loc. No.	Limit of Insurance	Valued on cost to reproduce unless a specific per item amount is listed.	
1.	\$		
2.	\$		
Loc. No.	Specific Articles	No.	Value of Each
1.			
2.		X	\$
		X	\$
			\$

Optional Blanket Coverage	
Locations	Blanket Description

Extra Expense Coverage Limits		Business Income Coverage Limits	
Loc. No.		Loc. No.	Each Working Day
1.	\$	1.	\$
2.	\$	2.	\$
			\$

Deductible for: "Data Processing Equipment," "Data," "Media," and Extra Expense Coverage including, (optional)	
Additional Coverages, except Breakdown Coverage):	\$
Breakdown Coverage:	\$
Business Income Coverage:	\$ or hours (optional)

Loss Payable Cause: For covered property in which both you and a Loss Payee shown in the Schedule below have an insurable interest we will adjust "losses" with you and pay any claim for "loss" jointly to you and the Loss Payee, as interests may appear.

***Schedule of Loss Payees**

Loc. No.	Description of Property	Loss Payee (Name and Address)

Advance Premium		
Premium shown is payable **\$	at inception; \$	Total Advance Premium \$
		1st Anniversary; \$
		2nd Anniversary

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue† :

By _____
Company Officer

**Entry optional if shown in Common Policy Declarations. † Forms and Endorsements applicable to this Coverage Form omitted if shown elsewhere in the policy. These declarations and the common policy declarations, if applicable, together with the common policy conditions, coverage form(s) and forms and endorsements, if any, issued to form a part thereof complete the above numbered policy. (See Data Processing Conditions E. 1 and 2.)

POLICY NUMBER:**

COMMERCIAL PROPERTY

Effective Date:**

(12:01 A.M. Standard Time)

**Not required if included at policy inception.

UNI-FLEX ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

This endorsement must be used with endorsements 8-E-1779-2 and 8-E-1779-3 and is to be used only with Commercial Package Policies which include the Building and Personal Property Coverage Form, CP 00 10, and the Causes of Loss - Special Form, CP 10 30, and applies only to premises subject to those forms, with one exception, which follows.

If this company has in effect for this Insured a Difference in Conditions Policy, the insurance for the same property on the policy will include the Causes of Loss - Broad Form, CP 10 20.

Only as respects Enhancements of Commercial Property coverages which refer to "Special Form" in the Covered Causes of Loss column, the Causes of Loss - Special Form must be attached and will apply to such Enhancement.

If there is other valid and collectible insurance available to you in other coverage purchased under this policy for any loss or "loss" we also cover under this endorsement, the insurance provided under this endorsement is primary.

- I. The Deductible amount stated in the Schedule below replaces the Deductible amount shown in the Declarations as respects such enhancement.

In the event of an occurrence which results in loss, damage or "loss" for which this policy includes coverage under a Coverage Enhancement and an additional separately purchased limit for the same coverage with a deductible, we will pay for loss, damage, or "loss" based on the method below which results in the higher total payment to you.

1. We will apply each deductible to the loss, damage or "loss" for the coverage to which it applies; or
 2. We will add the amount of loss, damage or "loss" from all involved coverages and subtract from the total the larger or largest applicable deductible.
- II. The following is a summary of the additional coverages, including limits of insurance, provided by this endorsement. For complete details on specific coverages, consult the applicable forms. The Additional Condition, Coinsurance, of the Building and Business Personal Property Coverage Form does not apply to those enhancements for which Nil is shown under Coinsurance in the Schedule below.

SCHEDULE**Premium:**

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Enhancement No. - Section Description	Coverage	Limit of Insurance	Coinsurance	Deductible	Covered Causes of Loss	Applicable Coverage Form
1 - III.	Business Income and Extra Expense (Option I)	\$25,000 Per Location	Nil	Nil	Special Form	CP 00 30

Enhancement No. - Section Description	Coverage	Limit of Insurance	Coinsurance	Deductible	Covered Causes of Loss	Applicable Coverage Form
2 - IV.A.	Fire Department Service Charge	\$15,000 Per Location	Nil	Nil	Per Coverage Form	CP 00 10
3 - IV.B.	Fire Protection Device Recharge	\$3,000 Per Building Per Covered Fire	Nil	Nil	Fire	CP 00 10
4 - IV.C.	Back-up of Sewers and Drains	\$25,000 Total Limit	Nil	\$250	See Coverage Wording	CP 00 10
5 - IV.D.	Newly Acquired or Constructed Buildings	\$500,000 Limit Per Building	Nil	Per Commercial Property Declarations	Special Form	CP 00 10
6 - IV.E.	Business Personal Property at Newly Acquired Locations	\$250,000 Limit Per Building	Nil	Per Commercial Property Declarations	Special Form	CP 00 10
7 - IV.F.	Personal Effects and Property of Others	\$5,000 At Each Described Premises	Nil	Per Commercial Property Declarations	Special Form	CP 00 10
8 - IV.G.	Outdoor Property	\$500 Per Tree, Shrub Or Plant/ \$5,000 Total Limit for Trees, Shrubs and Plants	Nil	Per Commercial Property Declarations	See Coverage Wording	CP 00 10
9 - IV.H.	Property In or On a Vehicle or On Exhibition	\$5,000 Per Vehicle or Location	Nil	\$250	See Coverage Wording	CP 00 10

Enhancement No. - Section Description	Coverage	Limit of Insurance	Coinsurance	Deductible	Covered Causes of Loss	Applicable Coverage Form
10 - IV.I.	Property in the Custody of Sales Persons	\$2,500 Per Occurrence	Nil	\$250	Special Form	CP 00 10
11 - V.	Glass	\$5,000 Per Occurrence (No limit per plate, pane, unit, etc.)	Nil	\$250	Per Causes of Loss Form	CP 00 10
12 - N/A	Ordinance or Law (Applies to all buildings and locations.)					
	- Loss to Undamaged Portion of Insured Building	Per Commercial Property Declarations	Per Commercial Property Declarations	Per Commercial Property Declarations	Per Coverage Forms	CP 04 05 and CP 00 10
	- Demolition Costs	\$100,000 Limit Per Building	Per Commercial Property Declarations	Per Commercial Property Declarations	Per Coverage Forms	CP 04 05 and CP 00 10
	- Increased Cost of Construction	\$100,000 Limit Per Building	Per Commercial Property Declarations	Per Commercial Property Declarations	Per Coverage Forms	CP 04 05 and CP 00 10
13 - VI.	Data Processing Coverage					
	- Data Processing Equipment	\$20,000 Per Building (See Note 1 Below)	Nil	(See Note 2 Below)	Per Coverage Form	8-C-2274
	- Data, Media, and Computer Programs	\$5,000 Per Building	Nil	(See Note 2 Below)	Per Coverage Form	8-C-2274
	- Extra Expense	\$5,000 Per Building	Nil	(See Note 2 Below)	Per Coverage Form	8-C-2274

Note 1 for Enhancement No. 13 - Data Processing Equipment:

Valuation of equipment is based on replacement cost, unless higher limits are purchased and shown on 8-D-2274 and a different valuation option is chosen. In which case, such different option also applies to the coverage granted in this form.

Note 2 for Enhancement No. 13 - Data Processing Deductibles:

A \$100 deductible applies for "loss" in any one occurrence for data processing equipment; data, media, and computer programs; and extra expense (including Additional Coverages and Coverage Extensions). A separate deductible amount applies for Business Income Coverage, if purchased. A \$500 deductible applies to Breakdown Coverage unless otherwise stated on the Data Processing Declarations, 8-D-2274.

III. The Business Income (And Extra Expense) Coverage Form, CP 00 30 is amended as follows:

- A. Under the Alterations and New Buildings Additional Coverage, Business Income loss sustained from covered loss or damage to machinery, equipment, supplies or building materials applies to such property when located on or within 1,000 feet of the described premises.
- B. Under paragraph A.3.d., Extended Business Income, the number "30" is replaced by the number "60."
- C. Newly Acquired Locations Coverage Extension applies without requirement of a minimum Coinsurance percentage to be shown in the Declarations.
- D. The following is added to Additional Condition Coinsurance:
For any Business Income and Extra Expense loss up to \$25,000, this condition does not apply. For any Business Income and Extra Expense loss greater than \$25,000, the Limit of Insurance for Business Income and Extra Expense shall be the sum of the \$25,000 limit granted in the CP UNI-FLEX Endorsement and any Limit of Insurance shown for Business Income and Extra Expense in the Declarations.

IV. The Building and Personal Property Coverage Form, CP 00 10, is amended as follows:

- A. A.4.c., Fire Department Service Charge, is amended to show a maximum limit of \$15,000 for fire department service charges.

Payment under this Additional Coverage is in addition to the Limits of Insurance.

- B. Under A.4., Additional Coverages, the following is added:

Fire Protection Device Recharge

We will pay up to \$3,000 after any covered fire to recharge or refill your fire protection devices that are installed in buildings at the described premises.

This Additional Coverage only applies when such devices have been discharged while being used to combat a covered fire.

Payment under this Additional Coverage is in addition to the Limits of Insurance.

- C. Under A.4., Additional Coverages, the following is added:

Back-up of Sewers and Drains

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from water that backs up or overflows from a sewer, drain or sump.

However, we will not pay for loss or damage caused by or resulting from water that backs up or overflows from a sewer, drain or sump if any other cause or event contributes concurrently or in any sequence to the loss.

The most we will pay for all loss or damage is \$25,000.

Payments under this Additional Coverage will not increase the applicable Limits of Insurance.

- D. Parts (1) and (3) of A.5.a., Newly Acquired or Constructed Property, are amended to show a maximum of \$500,000 at each building for 180 days after you acquire or begin to construct the property.
- E. Parts (2) and (3) of A.5.a., Newly Acquired or Constructed Property, are amended to show a maximum of \$250,000 at each building for 180 days after you acquire or begin to construct the property.
- F. A.5.b., Personal Effects and Property Of Others, is amended to show a limit of \$5,000 at each described premises.
- G. Under A.5., Coverage Extensions, part e. is replaced by the following:
 - e. **Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs, and plants (other than

"stock" of trees, shrubs, or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension for trees, shrubs, and plants, including debris removal expense, is \$5,000, but not more than \$500 for any one tree, shrub or plant. For other outdoor property listed above, the most we will pay for loss or damage under this Extension is \$1,000.

H. Under A.5., Coverage Extensions, the following is added:

Property In Or On A Vehicle Or On Exhibition

You may extend the insurance provided by this Coverage Form to apply to your Covered Property while in or on a vehicle or at any fair or exhibition not located within 1,000 feet of the described premises. This Extension does not apply to your salespersons samples. We will pay for shipments by mail only if registered.

This Extension also applies to your interest in shipments sold Free on Board. When the title of a shipment passes to the consignee and if the consignee refuses to pay because the shipment is lost or damaged, you may elect to claim that loss under this insurance. We will not attempt to collect from the consignee unless you:

(1) Provide us with your written consent to do so; and

(2) Assign us your right of action.

The most we will pay for loss or damage under this Coverage Extension is \$5,000 per vehicle or location.

I. Under A.5., Coverage Extensions, the following is added:

Property In Custody of Salespersons

You may extend the insurance provided by this Coverage Form to apply to Covered Property in the care, custody or control of your salespersons.

The most we will pay for loss or damage in any one occurrence under this Extension is \$2,500.

J. Under part 1.b. of A. COVERAGE, Your Business Personal Property in the open (or in a vehicle) is extended to within 1,000 feet of the described premises in lieu of 100 feet.

V. Subject to a limit of \$5,000 in any one occurrence, any dollar limitation per plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter and any dollar limitation for loss of or damage to building glass in any one occurrence, as stated in the applicable cause of loss form of this Coverage Part are eliminated.

VI. The following is added to Additional Condition, Coinsurance, of the Data Processing Coverage Form:

For any "data processing equipment" "loss" up to \$20,000, this Condition does not apply. For any "data processing equipment" "loss" greater than \$20,000, the Limit of Insurance for the property shall be the sum of the \$20,000 limit for "data processing equipment" granted in the CP UNI-FLEX Endorsement and any Limit of Insurance for "data processing equipment" shown in the Declarations.

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

I. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is modified as follows:

A. The following are added to A.4. Additional Coverages:

1. Equipment Breakdown

The term Covered Cause of Loss includes "equipment breakdown" as described and limited below.

- a. We will pay for direct physical loss or damage to Covered Property caused by "equipment breakdown" to "covered equipment."
- b. If an initial "equipment breakdown" causes other "equipment breakdowns," all will be considered one "equipment breakdown." All "equipment breakdowns" that are the result of the same event will be considered one "equipment breakdown."

2. Perishable Goods

- a. We will pay for your loss of "perishable goods" due to the following:
 - (i) Spoilage; or
 - (ii) Contamination from the release of refrigerant, including but not limited to ammonia; caused by an "equipment breakdown."
- b. We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- c. If you are unable to replace the "perishable goods" before their anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time the loss occurred less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

B. The following are added to A.5. Coverage Extensions and apply for any Coinsurance percentage shown in the Declarations:

1. Service Interruption

The insurance provided for Business Income and Extra Expense, if shown in the Declarations as covered, and Perishable goods is extended to apply to loss caused by "equipment breakdown" to equipment that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

The most we will pay under this Extension for loss of Business Income and Extra Expense in any one occurrence is:

- a. The actual loss of Business Income you sustain; and
- b. The necessary Extra Expense you incur;

during the "period of restoration" that occurs within 12 consecutive months after the date of direct physical loss or damage.

2. Expediting Expenses

With respect to damaged Covered Property covered under Additional Coverages Equipment Breakdown and Perishable Goods, we will pay the reasonable extra cost to:

- a. Make temporary repairs;
- b. Expedite permanent repairs; and
- c. Expedite permanent replacement.

C. The following is added to C. LIMITS OF INSURANCE:

Payments under the following Additional Coverages and Coverage Extension will not increase the applicable Limit of Insurance:

1. Equipment Breakdown;
2. Perishable Goods; and
3. Service Interruption.

II. Part B. EXCLUSIONS of the CAUSES OF LOSS - SPECIAL FORM is modified as follows:**A. The following is added to Exclusion B.1.g.(1):**

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property.

B. As respects Equipment Breakdown Coverage, the last paragraph of Exclusion B.2.d. is replaced with the following:

But if loss or damage by "equipment breakdown" results, we will pay for the loss or damage caused by that "equipment breakdown."

C. As respects Equipment Breakdown Coverage, Exclusion B.2.i. is replaced with the following:

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by "equipment breakdown." But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in "equipment breakdown," we will pay for the loss or damage caused by that "equipment breakdown."

D. As respects Equipment Breakdown Coverage, Exclusions B.2.a., B.2.d.(6), and B.2.e., and Limitations C.1.a. and C.1.b. do not apply.***E. For the Insurance provided under Equipment Breakdown Coverage, the following additional Exclusion applies.**

We will not pay for loss or damage caused by or resulting from:

1. The breakdown of any structure, foundation, cabinet, compartment or air supported structure or building.
2. The breakdown of any buried vessel or buried piping.
3. The breakdown of any vehicle, excavation or construction equipment.

F. As respects Service Interruption Coverage Extension, we will also not pay for loss or expense resulting from or arising out of "equipment breakdown" to any equipment that is located outside of a covered Building described in the Declarations caused by or resulting from "elemental perils."

However, for the property and services covered under CP 15 45, if such endorsement is attached to this Coverage Part, this exclusion does not apply.

III. As respects Equipment Breakdown Coverage, the following are added to COMMERCIAL PROPERTY CONDITIONS:**A. Suspension**

When any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from "equipment breakdown" to that equipment. We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or to the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us. If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

B. Jurisdictional Inspections

If any property that is "covered equipment" requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

IV. The Coinsurance Additional Condition and Agreed Value Optional Coverage, if otherwise applicable, do not apply for loss covered under this Equipment Breakdown Coverage endorsement.

V. The following definitions are added:

A. "Covered equipment" means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

B. "Elemental perils" means the following:
Fire (including fire resulting from an "equipment breakdown"), lightning; explosion (except for steam or centrifugal explosion); windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; falling objects; and weight of snow, ice or sleet.

C. "Equipment breakdown":

1. Means:

- a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
- b. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

2. Does not mean:

- a. Any actual or alleged failure, malfunction or inadequacy of:
 - (1) Any of the following, whether belonging to the insured or to others:
 - (i) Computer hardware, including microprocessors;

- (ii) Computer application software or other electronic media and records;

- (iii) Computer operating systems and related software;

- (iv) Computer networks;

- (v) Microprocessors (computer chips) not part of any computer system; or

- (vi) Any other computerized or electronic equipment or components; or

- (2) Any other products, and any services, data or functions; whether belonging to or provided by the insured or others; that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph C.2.a.(1) above;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize dates in or after the year 2000.

- b. Your, or anyone on your behalf, providing or failing to provide advice, consultation, design, evaluation, inspection, installation, maintenance, repair, modification, replacement or supervision for the purpose of:

- (1) Defining, correcting or testing for any potential or actual problem described in paragraph C.2.a. above; or

- (2) Correcting any deficiencies or changing any features of any items described in paragraph C.2.a. above.

D. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION: COMPUTER AND OTHER ELECTRONIC-RELATED PROBLEMS (OTHER THAN LIABILITY)

This endorsement modifies the insurance provided under the policy; and the following exclusions apply to all insurance provided under the policy:

- A.** This insurance does not apply to any claim, injury, loss, damage, or damages (whether or not the form which describes the coverage defines such term or terms) caused directly or indirectly by, or arising directly or indirectly from or as a consequence of any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the claim, injury, loss, damage, or damages:
1. Actual or alleged failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to the insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software or other electronic media and records;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions; whether belonging to or provided by the insured or others; that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A. 1. a. of this endorsement; due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize dates in or after the year 2000.
 2. Your, or anyone on your behalf, providing or failing to provide any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, modification, replacement or supervision for the purpose of:
 - a. Defining, correcting or testing for any potential or actual problem described in Paragraph A. 1. of this endorsement; or
 - b. Correcting any deficiencies or changing any features of any items described in Paragraph A. 1. of this endorsement.
- B.** If an excluded event as described in A. 1. or A. 2. above results:
1. In a Covered Cause of Loss under the Equipment Breakdown Coverage, the Commercial Crime Coverage Part, the Commercial Inland Marine Coverage Part, the Standard Property Policy, or the Homeowners-Home Office/Home Business Extension Endorsement, Section 1 Coverages;
 2. Under the Commercial Property Coverage Part or the Graphic Edge COP Coverage Form:
 - a. In a "specified cause of loss" under the Causes of Loss- Special Form or the Graphic Edge COP Coverage Form; or
 - b. In a Covered Cause of Loss under the Causes of Loss-Basic Form or the Causes of Loss-Broad Form;

3. Under the Property Coverage Part of the Condominium Policy, Cooperative Apartment Policy, Homeowners Association Policy, Office Condominium Policy, Senior Housing Policy or Phased Living Facility Policy; in a "specified cause of loss";

4. Under the Businessowners Policy:

- a. In a "specified cause of loss" under the Businessowners Special Property Coverage Form; or
- b. In a Covered Cause of Loss under the Businessowners Standard Property Coverage Form; or

5. Under the Commercial Output Program Property Coverage Part, in a loss from specified perils;

we will pay only for the loss ("loss") or damage caused by such "specified cause of loss," Covered Cause of Loss or specified perils.

COMMERCIAL INLAND MARINE
COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MECHANICAL/ELECTRICAL BREAKDOWN REDEFINED

This endorsement modifies insurance provided under the following:

DATA PROCESSING COVERAGE FORM

Additional Coverage h. Mechanical/Electrical Breakdown Coverage - Data Processing is replaced by the following:

Data Processing Mechanical/Electrical Breakdown

1. We will pay according to the terms of this policy and subject to the Breakdown Deductible, for direct physical "loss" caused by "equipment breakdown to covered "data processing equipment," "data" and "media" inside your building.

We will not pay for "loss" caused by any change in your electrical power supply, such as interruption, power surge or brown-out, if the change originates more than 1,000 feet from the building containing your "data processing equipment."

2. As respects this Additional Coverage:

a. "Equipment breakdown" means:

- (1) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
- (2) Mechanical breakdown, including rupture or bursting caused by centrifugal force;

b. "Equipment breakdown" does not mean:

- (1) Any actual or alleged failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to the insured or to others:
 - (i) Computer hardware, including microprocessors;
 - (ii) Computer application software or other electronic media and records;

(iii) Computer operating systems and related software;

(iv) Computer networks;

(v) Microprocessors (computer chips) not part of any computer system; or

(vi) Any other computerized or electronic equipment or components; or

(b) Any other products, and any services, data or functions; whether belonging to or provided by the insured or others; that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 2.b.(1)(a) above;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize dates in or after the year 2000.

(2) Your, or anyone on your behalf, providing or failing to provide advice, consultation, design, evaluation, inspection, installation, maintenance, repair, modification, replacement or supervision for the purpose of:

(a) Defining, correcting or testing for any potential or actual problem described in paragraph 2.(b)(1) above; or

(b) Correcting any deficiencies or changing any features of any items described in paragraph 2.(b)(1) above.

3. As respects this Additional Coverage, Exclusions 4.b., 4.f. and 4.h. do not apply.

IMPORTANT NOTICE TO POLICYHOLDERS EQUIPMENT BREAKDOWN COVERAGE

Your policy now includes our enhanced Equipment Breakdown Coverage. See form 8-E-2637.

In consideration of the premium charged for Equipment Breakdown Coverage, the traditional property form exclusions for artificially generated electrical current, mechanical breakdown and explosion of steam equipment are deleted. In addition, limitations pertaining to coverage for steam equipment and water heating equipment have been removed.

Equipment Breakdown Coverage modifies the Building and Personal Property Coverage Form (CP 00 10) and the Causes of Loss-Special Form (CP 10 30) to provide coverage for equipment breakdown to Covered Property built to operate under vacuum or pressure (other than weight of contents), as well as Covered Property used for the generation, transmission or utilization of energy.

Unless otherwise stated in Equipment Breakdown Coverage (8-E-2637), coverage follows the provisions of the Building and Personal Property Coverage Form (CP 00 10) and the Causes of Loss-Special Form (CP 10 30). There are additional coverages, coverage extensions, exclusions and conditions specific to Equipment Breakdown Coverage. The aforementioned forms will be the basis for coverage in the event of a loss. No coverage is granted by this Important Notice.

Equipment Breakdown Coverage follows the applicable Limits of Insurance and Deductible provisions contained in your property coverage. This simplifies the claim process at the time of a loss.

In addition, Equipment Breakdown Coverage includes our agreement to provide you with jurisdictional inspection services where required. If a state or local law requires your boilers or pressure vessels to be inspected, our skilled representatives will provide you with timely professional service.

Equipment Breakdown Coverage significantly broadens the coverage available under our property insurance policy. We do not require that you carry this valuable coverage. You may delete Equipment Breakdown Coverage from your policy in exchange for more restrictive coverage terms and an appropriate return premium. If you wish to delete the 8-E-2637, or if you have any questions about Equipment Breakdown Coverage, please contact your agent.



Utica National Insurance Group

Insurance that starts with you.

Utica Mutual Insurance Company and its affiliated companies, New Hartford, N.Y. 13413

POLICYHOLDERS NOTICE

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDERS NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

PLEASE READ THIS NOTICE CAREFULLY.

Applicable to Other Than Liability Coverage:

An exclusion has been added to your policy to specifically state that coverage is not provided for loss caused by a computer's inability, or that of computerized or other electronic equipment, to properly recognize, process, distinguish, interpret or accept a particular date or time. An example of this is a loss caused by the inability of the computer to recognize the year 2000 (Y2K). However, coverage is provided under certain circumstances: If the computer's inability to recognize a date or time results in a covered peril as specified -- for example, fire -- the loss resulting from that fire will be covered.

Applicable to Liability Coverage:

An exclusion has been added to your policy to specifically state that coverage is not provided for any claim, injury, loss, damage, or damages caused directly or indirectly by, or arising directly or indirectly from or as a consequence of any computer's inability, or that of computerized or other electronic equipment, to properly recognize, process, distinguish, interpret or accept a particular date or time. An example of this is a loss caused by the inability of the computer to recognize the year 2000 (Y2K). This exclusion will apply regardless of whether the computer or other electronic product or device (including computer chips) belongs to you or to others, or has been incorporated into your products or the products of others.

Please consult with your agent or broker if you have any questions.



Utica National Insurance Group

Insurance that starts with you.

Utica Mutual Insurance Company and its affiliated companies, New Hartford, N.Y. 13413



Important Notice

Dear Utica Policyholder,

As a valued policyholder of this Company, I am writing you regarding a very important subject. By now, you have heard about the so-called Year 2000 Problem, also referred to as the "Millenium Bug" or the "Y2K Glitch." The popular and professional press has used all of these names and others to extensively report the history and effect of various design decisions (which in fact are not glitches or bugs), that will cause a wide variety of equipment to malfunction when using certain dates in or around January 2000.

Some non-compliant devices, for example, were designed to read year dates by the last two digits and thus will interpret 00 in the year 2000 as 1900. Other devices have not been programmed at all to handle the leap year in 2000. Still others will recognize 99 or 999 in the year 1999 as a common programming convention to shut down the program or system.

It is likely that most Utica Policyholders will be directly and indirectly affected by this widespread and diverse problem. Computers, software programs, controller chips embedded in other equipment, and myriad other devices will be affected, including those used by Utica policyholders and the companies upon whom Utica policyholders rely to do business. Only prompt action to remediate and avoid the problem will avoid harm when these devices fail.

Utica policyholders cannot rely on insurance coverage for failures arising from non-fortuitous activities emanating from things such as system design, computer code, or the failure to remediate non-compliant systems. In the event of a loss that is alleged to be caused by a Year 2000 malfunction, the availability of insurance coverage under any of our policies will depend on the circumstances of the loss and the coverage and exclusions applicable. We will handle any claim based on the facts presented to us, but our assessment of what we foresee as the most likely types of claims that could emanate from a Year 2000 malfunction are not covered.

To avoid losses, Utica policyholders will find it necessary to conduct extensive audits to identify the scope of their problem and to correct it in a timely manner. Although Utica cannot provide advice on how to proceed - given the diverse businesses Utica insures, each situation is different - many policyholders will find outside computer technicians, law firms, and other consultants critical to ensuring compliance.

Of course, the effort cannot stop there. Utica policyholders must be able to rely upon their outside vendors, and affiliates and thus may need to obtain warranties or other guarantees or assurances of compliance by those companies. Subject to approval by your consultants and/or counsel, it may make sense for policyholders to contact all such third parties regarding their compliance efforts or even to jointly test systems. Indeed, complete compliance by the systems used by Utica policyholders is only the beginning. Utica policyholders also must assure that those systems are protected from any failures of the products and services of customers, government agencies and numerous other entities. For the same reason, in addition, policyholders should consider carefully all of their own disclosure obligations, whether to third parties with whom business is conducted, relevant government, regulatory bodies, and shareholders or others.

Simply put, the cost of running a modern business includes functioning electronic systems, as well as the fully reliable delivery of third-party products and services. Time is short given that some forward looking devices, such as scheduling and accounting software may fail well before January 2000. However, the problem is well known and correctable with reasonable and diligent efforts over the coming weeks and months.

The Year 2000 Problem is a known, business problem. We feel it most important that our policyholders understand the seriousness of the problem and that insurance may not be the solution. Taking action now to aggressively address the problem as noted above is the best course of action you can take.

Sincerely,

SVP Commercial Lines

POLICYHOLDERS NOTICE

(Applicable to Breakdown Coverage)

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDERS NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

PLEASE READ THIS NOTICE CAREFULLY.

A redefinition has been added to your policy to specifically state that breakdown coverage is not provided for loss caused by a computer's inability, or that of computerized or other electronic equipment, to properly recognize, process, distinguish, interpret or accept a particular date or time. An example of this is a loss caused by the inability of the computer to recognize the year 2000 (Y2K).

Please consult with your agent or broker if you have any questions.



Utica National Insurance Group

Insurance that starts with you.

Utica Mutual Insurance Company and its affiliated companies, New Hartford, N.Y. 13413

THIS NOTICE WITH THE COVERAGE FORM(S), DECLARATIONS PAGE AND
ENDORSEMENT, IF ANY, COMPLETES YOUR POLICY.

REPUBLIC-FRANKLIN INSURANCE COMPANY

IN WITNESS WHEREOF, the Republic-Franklin Insurance Company has caused this policy to be signed by its president and secretary at Columbus, Ohio, and countersigned on the declarations page by a duly authorized representative of the company.



Secretary



President

UTICA NATIONAL INSURANCE GROUP

PAGE 1

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODEBURY, NY 11797
(516) 487-0600

POLICY NUMBER: CPP 2160756

NAMED INSURED: SAEILO USA, INC. SAEILO, INC. & SAEILO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

FORM OF BUSINESS: ORGANIZATION OTHER THAN PARTNERSHIP OR JOINT VENTURE

BUSINESS DESCRIPTION: IMP /DIST & MACH

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL GENERAL LIABILITY COVERAGE PART — DECLARATIONS

LIMITS OF INSURANCE

General Aggregate Limit (Other Than Products-Completed Operations)	\$ 2,000,000
Products-Completed Operations Aggregate Limit	\$ 2,000,000
Personal and Advertising Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Fire Damage Limit (Any One Fire)	\$ 50,000
Medical Expense Limit (Any One Person)	\$ 5,000

LOCATIONS OF ALL PREMISES OTHER THAN THE ADDRESS SHOWN ABOVE WHICH YOU OWN, RENT OR OCCUPY ARE LISTED ON COMMERCIAL GENERAL LIABILITY DECLARATIONS—CONTINUED

AUDIT PERIOD: ANNUAL

ADVANCE PREMIUM \$ 10,684.00

FORMS AND ENDORSEMENTS APPLYING
TO THIS COVERAGE PART
SEE 8-S-1018

TOTAL ADVANCE PREMIUM \$ 10,684.00

Amelia Kelly
Authorized Representative

REPRINT: CPP CG 03 4 2160756

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

POLICY NUMBER: CPP 2160756

COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM ----	EDITION -----	TITLE -----
CG2504	11/85	AMENDMENT - AGGREGATE LIMITS OF INSURANCE (PER LOCATION)
8E1696	07/92	KNOWLEDGE OF OCCURRENCE
8E1717	09/90	NOTICE OF OCCURRENCE
8E1718	09/90	UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS
8C1014	09/95	EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE FORM
8D1014	09/95	EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE PART (CLAIMS-MA
CG2147	10/93	EMPLOYMENT RELATED PRACTICES EXCLUSION
CG2139	10/93	CONTRACTUAL LIABILITY LIMITATION
CG2133	11/85	EXCLUSION - DESIGNATED PRODUCTS
CG2141	11/85	EXCLUSION - INTERCOMPANY PRODUCTS SUITS
8E2720	07/98	LIABILITY EXCLUSION: COMPUTER AND OTHER ELECTRONIC-RELATED P
8E2737	10/98	GENERAL LIABILITY EXTENSION ENDORSEMENT

COMMERCIAL GENERAL LIABILITY DECLARATIONS-CONTINUED

PAGE

3

POLICY NUMBER: CPP 2160756

Item No.	Locations/Classifications	Code No. St.-Terr.	Premium Basis	Rates		Advance Premium	
				OTHER	PR/CO	OTHER	PR/CO
001A	DISTRIBUTORS - NO FOOD OR DRINK - NOC 630 ROUTE 303 BLAUVELT, NY 10913 ROCKLAND CTY 382 ROUTE 59 MONSEY, NY 10952	12362 NY-012	GROSS SALES 6726751	0000.272	0000.698	\$ 1,828	\$ 4,694
002A	MACHINERY OR MACH- INERY PARTS MFG. - NOC SAME AS ABOVE	56654 NY-012	GROSS SALES 1741147	0001.026	0001.017	\$ 1,787	\$ 1,772
006B	8D1014 EMPLOYEE BENEFIT PRO GRAMS LIABILITY COVE RAGE PART (CLAIMS-MA DE BASIS)	44444 NY-012				\$ 393	
039B	8E2737 GENERAL LIABILITY EX TENSION ENDORSEMENT	44444 NY-012				\$ 210	
Total Advance Other and PR/CO						\$ 4,218	\$ 6,466
TOTAL ADVANCE PREMIUM						\$ 10,684	

ITEM LETTER CODE

A - HAZARD
B - FORM
C - FLAT CHARGE

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT—AGGREGATE LIMITS OF INSURANCE
(PER LOCATION)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The General Aggregate Limit under LIMITS OF INSURANCE (Section III) applies separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KNOWLEDGE OR OCCURRENCE, CLAIM, OR SUIT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed that knowledge of an "occurrence," claim or "suit" by any agent, servant, or employee of the insured shall not in itself constitute knowledge by the insured, unless an executive officer of the named insured corporation (or individual designated by an executive officer to receive such notice) shall have received notice of such an "occurrence," claim or "suit."

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NOTICE OF OCCURRENCE

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed that failure by any agent, servant, or employee (except an executive officer, or individual designated by an executive officer to give such notice) of the Insured to notify the company of any occurrence of which such person has knowledge shall not invalidate the Insurance afforded by this policy as respects the Named Insured.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**UNINTENTIONAL FAILURE
TO DISCLOSE HAZARDS**

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Failure of the insured to disclose all hazards existing as of the inception date of the policy shall not invalidate the insurance afforded by this policy if such failure or omission is not intentional.

BUSINESSOWNERS
COMMERCIAL GENERAL LIABILITY

EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE FORM

THIS INSURANCE PROVIDES CLAIMS-MADE COVERAGE.

Please read the entire form carefully.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

The word "Insured" means any person or organization qualifying as such under SECTION II — WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION VII — DEFINITIONS.

SECTION I — EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE

1. Insuring Agreement.

- a. We will pay those sums that the Insured becomes legally obligated to pay as damages because of "loss" from any claim made against the Insured by any employee, former employee or the beneficiaries or legal representatives thereof to which this insurance applies. The "loss" must result from a "wrongful act." No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS. This insurance does not apply to "wrongful acts," which took place before the Retroactive Date, if any, shown in Declarations for this Coverage Part or which take place after the "policy period." We will have the right and duty to defend any "suit" seeking those damages. But:

- (1) The amount we will pay for damages is limited as described in SECTION IV — LIMITS OF LIABILITY;
- (2) We may, at our discretion, investigate any allegation of a "wrongful act," and settle any claim or "suit" that may result; and
- (3) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of "loss."

- b. This insurance applies only to "loss" from "wrongful acts" which take place:

- (1) During the "policy period" and CLAIM FOR DAMAGES IS FIRST MADE AGAINST ANY INSURED DURING THE "POLICY PERIOD"; or
- (2) Prior to the "policy period," but on or after the Retroactive Date, if any, shown in the Declarations for this Coverage Part, if prior to the effective date of this Coverage Part:

- (i) The Insured did not give notice to any prior insurer of such "wrongful act"; and
- (ii) The Insured had no knowledge of such "wrongful act" likely to give rise to a claim hereunder; and
- (iii) CLAIM FOR DAMAGES IS FIRST MADE AGAINST ANY INSURED DURING THE "POLICY PERIOD."

c. A claim by a person or organization seeking damages will be deemed to have been made when notice of such claim is received and recorded by any Insured or by us, whichever comes first.

d. All claims for damages because of "loss" from any one "wrongful act" will be deemed to have been made at the time the first of those claims is made against any Insured.

2. Exclusions.

This insurance does not apply to:

- a. Any dishonest, fraudulent, malicious, or criminal conduct of an Insured. This exclusion applies only to insureds who participated in, acted with knowledge of, or acquiesced to such conduct.
- b. Libel, slander, discrimination or humiliation;
- c. Bodily injury to, or sickness, disease, or death of any person, or to injury to or destruction of tangible property, including the loss of use thereof;
- d. Any claim for failure of performance of contract by any insurer; including failure of any "employee benefit program";
- e. Any claim based upon the Insured's failure to comply with any law concerning workers compensation, unemployment compensation, social security, disability benefits or any similar law;
- f. Any claim based upon the termination of any "employee benefit program";
- g. Any claim based upon: (1) Failure of stock shares to perform as represented by an Insured; or (2) Advice given by an Insured to an employee to participate or not to participate in stock subscription plans; or (3) The investment or non-investment of funds;
- h. Any claim arising from liability assumed or contracted for by the named Insured; or
- i. "Loss" based upon or attributable to an Insured gaining personal profit or advantage to which the Insured is not legally entitled.

- j. Any "wrongful act" if insurance for such "loss" is provided by any other Coverage Part attached to this policy or by any other insurance policy issued by any member company of the Utica National Insurance Group. This exclusion does not apply to an Excess Liability Policy written specifically to apply in excess of the limits of this Coverage Part.
 - k. "Loss" from any obligation arising from an insured's activities in a fiduciary capacity as respects any employee benefit plan. As used in this exclusion, fiduciary means a person or entity which:
 - (1) Exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets; or
 - (2) Renders investments advice, direct or indirect, with respect to any money or other property of such plan, or has authority or responsibility to do so.
- 3. Supplementary Payments.**
- We will pay, with respect to any claim or "suit" we defend:
- (1) All expenses we incur.
 - (2) The cost of bonds to release attachments, but only for bond amounts within the applicable limit of liability. We do not have to furnish these bonds.
 - (3) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$250 a day because of time off from work.
 - (4) All costs taxed against the insured in the "suit."
 - (5) Pre-judgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any pre-judgment interest based on that period of time after the offer.
 - (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Liability. These payments will not reduce the Limits of Liability.
- SECTION III – COVERAGE FORM TERRITORY**
- This Coverage Part applies only to "wrongful acts" which take place within the United States of America, its territories or possessions or Canada. We will only defend claims or "suits" which are made in the territory described above.
- SECTION IV – LIMITS OF LIABILITY**
- 1. The Limits of Liability shown in the Schedule and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits."
 - 2. The aggregate for each annual policy year is the most we will pay for damages because of "losses" covered by this form.
 - 3. Subject to 2. above, the each claim limit is the most we will pay for damages because of all "loss" arising out of any one "wrongful act."
 - 4. The limits of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the "policy period" shown in the Declarations, unless the "policy period" is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Liability.
 - 5. Except as stated in this Coverage Part, the policy does not apply to damages arising out of "wrongful acts" in the "administration" of "employee benefit programs."
 - 6. The deductible amount of \$1,000, as stated in the Schedule, shall be deducted from the amount of each claim covered by this Coverage Part. We will be liable only for damages in excess of the deduct-

SECTION II – WHO IS AN INSURED

- 1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

ible. We may pay any part or all of the deductible amount to settle a claim or "suit" and you agree to promptly reimburse us for such part of the deductible amount paid by us.

SECTION V EMPLOYEE BENEFIT PROGRAMS LIABILITY CONDITIONS

1. Bankruptcy.

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties in the Event of "Wrongful Act," Claim or "Suit."

a. You must see to it that we are notified as soon as practicable of any "wrongful act" which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "wrongful act" took place;
- (2) The names and addresses of any persons involved in the "wrongful act" and witnesses; and
- (3) The nature of the harm resulting from the "wrongful act."

Notice of a "wrongful act" is not notice of a claim.

b. If a claim is received by any insured, you must:

- (1) Immediately record the specifics of the claim and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit."
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "loss" to which this Insurance may also apply.

d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

3. Legal Action Against Us.

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of liability. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance.

If other valid and collectible insurance is available to the insured for a "loss" we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis available to the insured for any "wrongful act" which took place prior to the "policy period."

When this insurance is excess, we will have no duty to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of "loss," if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the "loss" in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining "loss," if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Liability shown in the Declarations of this Coverage Part.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the "loss" remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium.

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each annual period of this policy the first Named Insured shall furnish the company with a statement of the total number of employees at the end of the "policy period." The earned premium shall be computed on the average number of employees at the beginning and end of such period in accordance with the rates set forth in the Schedule. If the premium so computed exceeds the estimated advance premium paid, the first Named Insured shall pay the excess to the company; if less, the company shall return to the first Named Insured the excess portion paid, subject to the minimum premium for this insurance stated in the Schedule.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations.

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each Insured against whom claim is made or "suit" is brought.

8. Transfer of Rights of Recovery Against Others to Us.

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew.

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

10. Your Right to Claim and "Wrongful Act" Information.

We will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding "employee benefit programs" claims made Coverage Part we have issued to you during the previous three years:

- a. A list of other record of each "wrongful act" not previously reported to any other insurer, of which we were notified in accordance with paragraph 2.a. of this Section. We will include the date and brief description of the "wrongful act" if that information was in the notice we received.
- b. A summary by policy year, of payments made and amounts reserved, stated separately, under the applicable aggregate for Each Annual Policy Year Limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

If we cancel or elect not to renew this Coverage Part, we will provide such information no later than 30 days before the date of policy termination. In other circumstances, we will provide this information only if we receive a written request from the first Named Insured within 60 days after the end of the policy period. In this case, we will provide this information within 45 days of receipt of the request.

We compile claim and "wrongful act" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate information.

SECTION VI - EXTENDED REPORTING PERIODS

1. We will provide an Automatic Extended Reporting Period as described in paragraph 3. or if you purchase it, an Optional Extended Reporting Period Endorsement as described in paragraph 4., if:

- a. This Coverage Part is cancelled or not renewed; or
- b. We renew or replace this Coverage Part with other insurance that:
 - (1) Has a Retroactive Date later than the one shown in this Coverage Part's Declarations; or
 - (2) Does not apply to "loss" caused by any "wrongful act" in the "administration" of the insured's "employee benefit programs" on a claims-made basis.

2. If we provide an Extended Reporting Period, a claim first made during the Extended Reporting Period will be deemed to have been made on the

last day of the "policy period," provided that the claim is for the "loss" from "wrongful acts" which took place before the end of the "policy period" of this policy (but not before any applicable Retroactive Date). Extended Reporting Periods do not extend the "policy period" or change the scope of coverage provided.

3. The Automatic Extended Reporting Period is provided without additional charge. This period starts with the end of the "policy period" and lasts for:
 - a. Five years for claims arising out of a "wrongful act" reported to us, not later than 90 days after the end of the policy period, in accordance with paragraph 2.a. of SECTION V — EMPLOYEE BENEFIT PROGRAMS LIABILITY CONDITIONS; or
 - b. Ninety days for all other claims.

The Automatic Extended Reporting Period applies only if no subsequent insurance you purchase applies to the claim, or would apply but for the exhaustion of its applicable limit of insurance.

The Automatic Extended Reporting Period may not be cancelled.

4. If you purchase the Optional Extended Reporting Period Endorsement, the Extended Reporting Period will be of unlimited duration. This period starts:
 - a. Five years after the end of the "policy period" for claims arising out of a "wrongful act" reported to us, not later than 90 days after the end of the "policy period," in accordance with paragraph 2.a. of SECTION V — EMPLOYEE BENEFIT PROGRAMS LIABILITY CONDITIONS; or
 - b. Ninety days after the end of the "policy period" for all other claims.

We will issue that Endorsement if the first Named Insured shown in the Declarations:

- (1) Makes a written request for it which we receive within 90 days after the end of the "policy period," and
- (2) Promptly pays the additional premium when due.

The Optional Extended Reporting Period Endorsement will not take effect unless the additional premium is paid when due. If that premium is paid when due, the Endorsement may not be cancelled.

The Optional Extended Reporting Period Endorsement will also amend paragraph 4.b. of SECTION V — EMPLOYEE BENEFIT PROGRAM LIABILITY CONDITIONS (Other Insurance) so that the insurance provided will be excess over any other valid and collectible insurance available to the insured, whether primary, excess, contingent or on any other basis, whose policy period begins or continues after the Endorsement takes effect.

We will determine the actual premium for the Optional Extended Reporting Period Endorsement in

accordance with our rules and rates. In doing so, we may take into account the following:

- a. The exposures insured;
- b. Previous types and amounts of insurance;
- c. Limits of Liability available under this Coverage Part for future payment of damages; and
- d. Other related factors.

The premium for the Optional Extended Reporting Period Endorsement will not exceed 200% of the annual premium for the Coverage Part to which the Endorsement would be attached and will be fully earned when the Endorsement takes effect.

5. Extended Reporting Periods do not reinstate or increase the Limits of Liability applicable to any claim to which this Coverage Part applies, except to the extent described in paragraph 6. of this Section.
6. If you purchase the Optional Extended Reporting Period Endorsement, we will provide an aggregate limit of liability for the Extended Reporting Period equal to the dollar amount entered in the Declarations as Aggregate for Each Annual Policy Year for the final year of the terminated Employee Benefit Programs Liability Coverage Part.

Paragraph 2. of Section IV — LIMITS OF LIABILITY will be amended accordingly. The Each Claim limit shown in the Schedule will then continue to apply, as set forth in paragraph 3. of that Section.

7. If this Coverage Part is cancelled and you elect to purchase the Optional Extended Reporting Period Endorsement:
 - a. Any return premium due you for the cancellation will be credited to the premium due for the Extended Reporting Period Endorsement; and
 - b. Any additional premium due us for the period the policy was in force must be fully paid before any payments can be applied to the premium due for the Extended Reporting Period Endorsement.

SECTION VII — DEFINITIONS

1. "Administration" means:
 - a. Giving or failure to give counsel to employees with respect to the "employee benefit programs";
 - b. Interpreting the "employee benefit programs";
 - c. The handling of records in connection with the "employee benefit programs";
 - d. Effecting enrollment, termination or cancellation of employees under the "employee benefit programs" provided all such acts are authorized by the Named Insured.
2. "Employee benefit programs" means:
 - a. Pension and profit sharing plans;
 - b. Individual Retirement Account (IRA) plans;
 - c. Salary reduction plans under Internal Revenue Code 401(k) or amendments;

- d. Employee stock subscription plans;
 - e. Savings Plans;
 - f. Group plans for life, health, dental, disability, automobile, homeowners and legal advice insurance;
 - g. Social Security system benefits;
 - h. Workers compensation and unemployment insurance;
 - i. Travel and vacation plans; and
 - j. Educational tuition reimbursement plans.
3. "Loss" means any amount which an insured legally obligated to pay as damages for any claims to which this insurance applies. "Loss" shall not include fines or penalties imposed by law, or other matters which may be deemed uninsurable under the law pursuant to which the policy shall be construed.
4. "Policy Period" means that period stated in the Declarations.
- a. If this Coverage Part is issued subsequent to the issuance of the policy, the "policy period" will commence only as of the effective date of this Coverage Part.
 - b. If this Coverage Part or the policy to which it is attached is cancelled the "policy period" will end with that termination date.
5. "Suit" means a civil proceeding in which damages because of "loss" from "wrongful acts" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.
6. "Wrongful Act" means any breach of duty, neglect, error, omission, misstatement or misleading statement in the "administration" of the insured's "employee benefit programs."

COMPANY NAME CPP 2160756COMMERCIAL GENERAL LIABILITY
BUSINESSOWNERS**EMPLOYEE BENEFIT PROGRAMS LIABILITY
COVERAGE PART
(CLAIMS-MADE BASIS)**

(For Attachment to a Liability or Package Policy)

The following spaces preceded by an asterisk (*) need not be completed if this Coverage Form and the Policy have the same effective date.

ATTACHED TO AND FORMING PART OF POLICY NO.	*EFFECTIVE DATE OF COVERAGE FORM	*ISSUED TO

ADDITIONAL DECLARATIONS

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE PART SCHEDULE

LIMITS OF LIABILITY \$ 1,000,000 Each Claim

..... \$ 1,000,000 Aggregate for Each Annual Policy Year

(NOTE \$1,000. DEDUCTIBLE PROVISION IN SECTION IV OF COVERAGE FORM)

RETROACTIVE DATE

This insurance does not apply to "loss" from "wrongful acts" which took place before the Retroactive Date, if any, shown below:

RETROACTIVE DATE: 07-15-97 (Enter Date or "None" if no Retroactive Date applies)**OPTIONAL EXTENDED REPORTING PERIOD PREMIUM**

In Section VI - EXTENDED REPORTING PERIODS, we agree to provide an Optional Extended Reporting Period under certain conditions. The estimated premium for such an Optional Extended Reporting Period is: \$

ADVANCE PREMIUM

No. of Employees	Rate Per Employee	Estimated Advance Premium
First 5,000	_____	\$ _____
Next 5,000	_____	\$ _____
Over 10,000	_____	\$ _____

Minimum Premium \$ 393 Total Estimated Advance Premium \$ SEE DECLARATIONS

Premium shown is payable** \$ _____ at inception; \$ _____ 1st Anniversary; \$ _____ 2nd Anniversary

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue†:

**

(Authorized Representative)

**Entry optional if shown in Common Policy Declarations.

†Forms and Endorsements applicable to this Coverage Part omitted if shown elsewhere in the policy.

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

The Coverage Form which provides Employee/Benefit Programs Liability Coverage applies on a claims-made basis.

The following provides a general description of this coverage and is subject to the terms and provisions of the actual Coverage Form.

- A. The Coverage Form will not apply to any losses from incidents which take place before the Retroactive Date, if any, or after the expiration of the policy period.
- B. The Coverage Form will apply to losses from incidents which take place after the Retroactive Date, if any, but before the beginning of the policy period **only** if the insured did not know of the incident before the beginning of the policy period and if any claim is made according to D. below.
- C. The Coverage Form will not apply to any loss for which claim is first made after the expiration of the policy period or any Automatic or Optional Extended Reporting Period described in the Extended Reporting Period Section of the Coverage Form.
- D. The Coverage Form will apply only to claims which are first made:
 - 1. During the policy period;
 - 2. During the ninety day Automatic Extended Reporting Period described in the Extended Reporting Period Section of the Coverage Form;
 - 3. During the five year Automatic Extended Reporting Period described in the Extended Reporting Period Section of the Coverage Form for claims arising out of incidents reported, under the policy provisions, no later than 90 days after the end of the policy period; or
 - 4. During the Optional Extended Reporting Period of unlimited duration described in the Extended Reporting Period Section of the Coverage Form.
 - a. We will send to you a written notice within thirty days after any termination of coverage of costs for and provisions of Extended Reporting Periods.
 - b. The Optional Extended Reporting Period must be requested by the insured in writing, by the later of sixty days after the termination of coverage or thirty days after the date of mailing of the company's notice to the insured of costs for and provisions of Extended Reporting Periods, in order to allow claims to be made against the policy coverage after the expiration of any Automatic Extended Reporting Period.
- E. For the first three years of claims-made coverage, premium will be comparatively lower than for occurrence coverage, and will increase for each renewal of those policies. Claims-made prices will still be somewhat lower than occurrence prices for mature accounts (in their fourth or later years). The purchase of Optional Extended Reporting Periods, as described above, requires additional premium payments.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT - RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to paragraph 2., Exclusions of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I - Coverages):

This insurance does not apply to:

1. "Bodily injury" to:

- a. A person arising out of any:

- (1) Refusal to employ that person;
- (2) Termination of that person's employment; or
- (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

- b. The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in paragraphs (1), (2) or (3) above is directed.

This exclusion applies:

- a. Whether the insured may be liable as an employer or in any other capacity; and
- b. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

- B. The following exclusion is added to paragraph 2., Exclusions of COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY (Section I - Coverages):

This insurance does not apply to:

1. "Personal injury" to:

- a. A person arising out of any:

- (1) Refusal to employ that person;
- (2) Termination of that person's employment; or
- (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

- b. The spouse, child, parent, brother or sister of that person as a consequence of "personal injury" to that person at whom any of the employment-related practices described in paragraphs (1), (2) or (3) above is directed.

This exclusion applies:

- a. Whether the insured may be liable as an employer or in any other capacity; and
- b. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTRACTUAL LIABILITY LIMITATION

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The definition of "insured contract" in the DEFINITIONS Section is replaced by the following:

"Insured contract" means:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

b. A sidetrack agreement;

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

e. An elevator maintenance agreement.

POLICY NUMBER: CPP 2160756

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — DESIGNATED PRODUCTS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Designated Product(s): ALL FIREARMS MANUFACTURING

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of any of "your products" shown in the Schedule.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — INTERCOMPANY PRODUCTS SUITS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This insurance does not apply to any claim for damages by any Named Insured against another Named Insured because of "bodily injury" or "property damage" arising out of "your products" and included within the "products — completed operations hazard."

THIS ENDORSEMENT MODIFIES THE POLICY. PLEASE READ IT CAREFULLY.

LIABILITY EXCLUSION: COMPUTER AND OTHER ELECTRONIC- RELATED PROBLEMS

This endorsement modifies the insurance provided under the policy; and the following exclusions apply to all insurance provided under the policy:

This insurance does not apply to any claim, injury, loss, damage, or damages (whether or not the form which describes the coverage defines such term or terms) caused directly or indirectly by, or arising directly or indirectly from or as a consequence of any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the claim, injury, loss, damage, or damages:

1. Actual or alleged failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to an insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software or other electronic media and records;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, services, data or functions; whether belonging to or provided by the insured or others; that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 1. a. of this endorsement;
due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize dates in or after the year 2000.
2. Your, or anyone on your behalf, providing or failing to provide any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, modification, replacement or supervision for the purpose of:
 - a. Defining, correcting or testing for any potential or actual problem described in Paragraph 1. of this endorsement; or
 - b. Correcting any deficiencies or changing any features of any items described in Paragraph 1. of this endorsement.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GENERAL LIABILITY EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

1. INCIDENTAL MALPRACTICE

- a. The definition of "bodily injury" in **SECTION V. - DEFINITIONS** is amended to include injury arising out of rendering or failing to render medical or paramedical services to persons by any physician, dentist, nurse, emergency medical technician or paramedic who is employed by you to provide such services.
- b. Paragraph 2. a. (1) (d) of **SECTION II WHO IS AN INSURED** does not apply to nurses, emergency medical technicians or paramedics described in paragraph a. above.
- c. Paragraph (1) of exclusion e. under **SECTION I - COVERAGE A.** does not apply to injury to the emotions or reputation of a person arising out of such services.

This Incidental Malpractice Coverage does not apply if you are engaged in the business or profession of providing services described in paragraph a. above.

2. EXTENDED PROPERTY DAMAGE

Exclusion 2.a. under **SECTION I - COVERAGE A.** is replaced by the following:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property

3. NONOWNED AIRCRAFT AND WATERCRAFT

Exclusion 2. g. under **SECTION I - COVERAGE A.** is replaced by the following:

g. Aircraft, Auto or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or

rented or loaned to any insured. Use includes operation and "loading or unloading."

This exclusion does not apply to:

- (1) An aircraft that is :
 - (a) Hired, chartered or loaned to an insured with a paid crew; and
 - (b) Not owned by an insured;
- (2) A watercraft while ashore on premises you own or rent;
- (3) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;

Exceptions (1) and (3) to this exclusion g. do not apply, and exclusion g. is fully applicable, to any aircraft or watercraft to which any other insurance covering "bodily injury" or "property damage" is available to the insured. This is so whether the other insurance applies on a primary, excess, contingent or any other basis.

- (4) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (5) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (6) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:
 - (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- (b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- 4. PROPERTY DAMAGE LIABILITY - ELEVATORS, BORROWED EQUIPMENT and LIMITED COVERAGE FOR DAMAGE TO PERSONAL PROPERTY IN YOUR CARE, CUSTODY OR CONTROL**
- a. Exclusion j. (4) under SECTION I - COVERAGE A. applies as follows:
- (1) This exclusion always applies to "property damage" to property of others which occurs at premises you own, rent or control.
 - (2) With respect to "property damage" to personal property of others which occurs away from premises you own, rent or control, this exclusion will apply only when the "property damage" is:
 - (a) To property which you have contracted to install;
 - (b) The direct result of the property being raised, lowered or otherwise moved by a crane;
 - (c) To "mobile equipment" or an "auto;"
 - (d) To that particular part of property which you are attempting to service or repair; or
 - (e) Covered by other insurance which will pay for the "property damage."
- b. The following are added to exclusion j. SECTION I - COVERAGE A.:
- (1) Paragraphs (3), (4) and (6) of exclusion j. of SECTION I - COVERAGE A do not apply to the use of elevators.
 - (2) Paragraph (4) of this exclusion does not apply to "property damage," to borrowed equipment while not being used to perform operations at the job site.
- c. The insurance afforded by reason of provision 4. is excess over any valid and collectible property insurance (including any deductible portion thereof) available to the insured whether primary, excess, contingent or on any other basis, and the OTHER INSURANCE condition is changed accordingly.
- 5. CONTRACTUAL PERSONAL INJURY AND ADVERTISING INJURY**
- a. Exclusion a. (4) under SECTION I - COVERAGE B. is deleted; and
 - b. No insurance will be provided under provision 5. if COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY is excluded by any of the exclusions or other provisions of the Coverage Form or by any endorsement.
- 6. FIRE, LIGHTNING OR EXPLOSION DAMAGE**
- a. The last paragraph of SECTION I - COVERAGE A. (after the exclusions) is replaced by the following:
Exclusions c. through n. do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in SECTION III - LIMITS OF INSURANCE
 - b. Paragraph 6. of SECTION III - LIMITS OF INSURANCE is replaced by the following:
 6. Subject to 5. above, the most we will pay under COVERAGE A. for damages because of "property damage" to premises, while rented to you or temporarily occupied by you with permission of the owner, arising out of any one fire, lightning strike or explosion is the greater of:
 - (1) \$500,000; or
 - (2) The Fire Damage Limit shown in the Declarations.
 The Fire Damage Limit applies to all loss or damage caused by or resulting from fire, lightning, or explosion; or any combination of these causes in a single incident.
 - c. Paragraph 4. b. (2) of SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS is replaced by the following:
 - (2) That is Fire and Extended Coverage insurance for premises rented to you or temporarily occupied by you with permission of the owner; or

7. SUPPLEMENTARY PAYMENTS**Under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B:**

- a. Paragraph 2. is replaced by the following:
 - 2. Up to \$2,500 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- b. Paragraph 4. is replaced by the following:
 - 4. All reasonable expenses incurred by the Insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$500 a day because of time off from work.

8. BROADENED COVERAGE - EMPLOYEES/ VOLUNTEERS

- a. The following replace paragraphs 2.a. and 3. under SECTION II - WHO IS AN INSURED:
 - 2. Each of the following is also an Insured:
 - a. Your "employees," other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. Your volunteer workers are also insureds, but only while acting under your direction and within the scope of their duties. When used in this Coverage Form, "volunteer worker" means a person who is not paid a fee, salary, or other remuneration.

However, none of these:

- (1) "Employees" is an insured for:
 - (a) "Personal Injury":

- (i) To you, to your partners or members (if you are a partnership or joint venture) to your members (if you are a limited liability company), or to a co-"employee" or co-volunteer while that co-"employee" or co-volunteer is either in the course of his or her employment or performing duties related to the conduct of your business;
- (ii) To the spouse, child, parent, brother or sister of that co-"employee" or co-volunteer as a consequence of paragraph 2. a. (1)(a)(i) above;
- (iii) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraphs 2. a. (1)(a)(i) or (1)(a)(ii); or
- (iv) Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are pharmacists in your retail druggist or drugstore operation, they are insured with respect to their providing or failing to provide professional health care services.

- (b) "Property damage" to property:
 - (i) Owned, occupied or used by; or
 - (ii) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees," any of your volunteer workers, any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- (2) Volunteer workers is an insured for:
 - (a) "Bodily Injury" or "personal injury":
 - (i) To you, to your partners or members (if you are a partnership or joint venture) to your members (if you are a limited liability company), or to a co-"employee" or co-volunteer while that co-"employee" or co-volunteer is either in the course of his or her employment or performing duties related to the conduct of your business;
 - (ii) To the spouse, child, parent, brother or sister of that co-"employee" or co-volunteer as a consequence of paragraph 2. a. (2) (a) (i) above;
 - (iii) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraphs 2. a. (2)(a) (i) or (2)(a) (ii) ; or
 - (iv) Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are pharmacists in your retail druggist or drugstore operation, they are insured with respect to their providing or failing to provide professional health care services.
- (b) "Property damage" to property:
 - (i) Owned, occupied or used by; or
 - (ii) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees," any of your volunteer workers, any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- 3. a. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - (1) "Bodily Injury" to a co-"employee" or co-volunteer of the person driving the equipment; or

(2) "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

b. Exclusion 2. a. under **SECTION I - COVERAGE C.** is replaced by the following:

a. To any insured, except a volunteer worker, as added by paragraph 2. a. of **SECTION II - WHO IS AN INSURED.**

9. NEWLY FORMED OR ACQUIRED ORGANIZATIONS

Paragraph 4. under **SECTION II - WHO IS AN INSURED**, is replaced by the following:

4. Any organization you newly acquire or form; other than a partnership, joint venture or limited liability company; and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and

b. Coverage under this provision does not apply to:

(1) "Bodily Injury" or "property damage" that occurred; or

(2) "Personal Injury" or "advertising Injury" arising out of an offense committed;

before you acquired or formed the organization.

10. SUBSIDIARIES

The following is added under **SECTION II - WHO IS AN INSURED**:

a. Any organization, not shown in the Declarations as a Named Insured, which is a legally incorporated entity, if you own more than 50% of the outstanding securities representing the present right to vote for the election of its directors; or

b. Any organization, not shown in the Declarations as a Named Insured, which is a legally incorporated entity, if more than 50% of the outstanding securities representing the present right to vote for the election of its directors is owned by an organization described in paragraph 10. a. above; is also an insured.

The insurance afforded under paragraphs 10. a. and 10. b. applies only if no other insurance of any kind is available to such entity for this kind of liability.

11. ADDITIONAL INSUREDS - BY CONTRACT, AGREEMENT OR PERMIT - INCLUDING LESSOR OF LEASED EQUIPMENT, OWNER OF LEASED LAND, MANAGERS OR LESSORS OF PREMISES, ENGINEERS, ARCHITECTS AND SURVEYORS AND VENDORS

The following is added to **SECTION II - WHO IS AN INSURED**:

a. Additional Insureds - By Contract, Agreement or Permit

(1) Any person or organization with whom you have entered into a written contract, agreement or permit requiring you to provide insurance such as is afforded by this Commercial General Liability Coverage Form will be an additional insured, but only with respect to liability arising out of your ongoing operations, "your work," or property owned or used by, or rented or leased to, you. The insurance afforded any additional insured under this paragraph 11.a.(1) will be subject to all applicable exclusions or limitations described in paragraphs 11. b. (1), (2), (3) and (4) and in 11. c. (1), (2), (3), (4), (5) and (6) below.

(2) Such insurance as is provided by paragraph 11.a.(1) for any additional insured will be primary, if so required by the written contract, agreement or permit. Any other insurance available to such person or organization shall be excess over this insurance.

(3) A person's or organization's status as an additional insured in connection with a written contract, agreement or permit under paragraphs 11.a. (1), (2) and (3) ends when your operations for that additional insured are completed or the written contract, agreement or permit is terminated or expires.

b. Additional Exclusions or Limitations**(1) Lessor of Leased Equipment**

If an equipment lessor is an additional insured as a result of the provisions of paragraphs 11. a., (1), (2) and (3) above, the following additional exclusion applies:

This insurance does not apply to "bodily injury" or "property damage" arising out of the sole negligence of such additional insured.

(2) Owner of Leased Land

If an owner or other interest from whom land has been leased is an additional insured as a result of the provisions of paragraphs 11. a., (1), (2) and (3) above, the following additional exclusions apply:

This insurance does not apply to:

- (a) Any "occurrence" that takes place after you cease to lease that land; or
- (b) Structural alterations, new construction or demolition operations performed by or for the owner or other interest from whom the land was leased.

(3) Managers or Lessors of Premises

If a manager or lessor of premises you rent or lease is an additional insured as a result of the provisions of paragraphs 11. a., (1), (2) and (3) above, the following additional exclusions apply:

This insurance does not apply to:

- (a) Any "occurrence" that takes place after you cease to be a tenant in those premises; or
- (b) Structural alterations, new construction or demolition operations performed by or for the manager or lessor of those premises.

(4) Engineers, Architects or Surveyors

If an engineer, architect or surveyor is an additional insured as a result of the provisions of paragraphs 11. a., (1), (2) and (3) above, the following additional exclusions apply:

This insurance does not apply to "bodily injury," "property damage," "personal injury" or "advertising injury" arising out of the rendering or failing to render any professional services by or for you, including:

(a) The preparing, approving, or failing to approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of injury.

(5) Vendor's of "Your Products"

If a vendor of "your products" is an additional insured under this Coverage Part, such insurance as is provided to the additional insured applies only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and subject to the following additional exclusions:

(a) This insurance afforded the vendor does not apply to:

(i) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability that the vendor would have in the absence of the contract or agreement;

(ii) Any express warranty unauthorized by you;

(iii) Any physical or chemical change in the product made intentionally by the vendor;

(iv) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

(v) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

(vi) Demonstration, Installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product; or

(vii) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.

(b) This insurance afforded the vendor does not apply to any person or organization from whom you have acquired such products, or any ingredient, part or container entering into, accompanying or containing such products.

No insurance will be provided under this vendors coverage if "bodily injury" or "property damage" under the "products- completed operations hazard" is excluded by any of the exclusions or other provisions of this Coverage Form or by any endorsement.

c. Such insurance as is afforded for any additional insured under paragraph 1. a. or b. above is subject to all applicable exclusions of 2. Exclusions, **COVERAGE A** (Section I), other than exclusion b. **Contractual Liability**, to all exclusions or limitations stated with the coverage language, and to the following additional exclusions:

This insurance does not apply to:

- (1) The independent acts or omissions of such additional insured.
- (2) Any liability arising from injury or damage in connection with a contract or agreement executed or permit issued subsequent to:
 - (a) The occurrence of any "bodily injury" or "property damage"; or
 - (b) The commission of any offense which caused "personal injury" or "advertising injury."
- (3) Construction or demolition activities within 50 feet of any railroad property and affecting any railroad bridge or trestle, track, road-bed, tunnel, underpass or crossing.

(4) Any liability arising from injury or damage in connection with a permit issued by a state or political subdivision if the liability is from operations performed for the state or political subdivision.

(5) Any liability from "bodily injury" or "property damage," arising out of "your work," which is included in the "products-completed operations hazard." Paragraph (5) of this exclusion does not apply to such insurance as is provided by this endorsement during the policy period of the policy to which this Coverage Form is attached.

This additional exclusion 11. c. (5) does not apply with respect to such vendors coverage as is provided under 11. b. (4) above.

(6) Any person or organization included as an insured under any other provision of Section C. Who Is An Insured or included as an additional insured by any endorsement to this policy.

12. INSURED - NONOWNED WATERCRAFT

The following is added to **SECTION II - WHO IS AN INSURED**:

With respect to any watercraft you do not own that is:

- a. Less than 51 feet long; and
- b. Not being used to carry persons or property for a charge;

any person who uses or is responsible for the use of such watercraft, with your express or implied consent, is an insured.

Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation or use of the watercraft, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- (1) "Bodily injury" to a co-"employee" of the person operating or using the watercraft; or
- (2) "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

13. MEDICAL PAYMENTS

Paragraph 7. of **SECTION III - LIMITS OF INSURANCE** is replaced by the following:

7. Subject to 5. above, the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expense Limit which is the greater of:

- a. \$10,000; or
- b. The Medical Expense Limit shown in the Declarations.

14. PRIORITY CONDITION

The following paragraph is added to **SECTION III - LIMITS OF INSURANCE:**

8. In the event a claim or "suit" is brought against more than one insured, due to "bodily injury" or "property damage" from the same "occurrence," or "personal injury" or "advertising injury" from the same offense, the Limits of Insurance will apply in the following order:

- a. You;
- b. Your "executive officers," directors, stockholders or "employees", and
- c. Any other insureds in any order that we choose.

15. DUTIES IN THE EVENT OF OCCURRENCE, OFFENSE, CLAIM OR SUIT

Paragraph 2. under **SECTION IV - COMMERCIAL LIABILITY CONDITIONS** is replaced by the following:

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

This paragraph a. applies only if one of the following knows of the "occurrence" or offense:

- (1) You;
- (2) A partner or member, if you are a partnership or joint venture;
- (3) A member or manager, if you are a limited liability company; or
- (4) An "executive officer" or insurance manager, if you are an organization other than a partnership, joint venture or limited liability company.

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and

- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

This paragraph b. will be considered to have been violated only if the violation occurs after the claim or "suit" is known to:

- (1) You;
- (2) A partner or member, if you are a partnership or joint venture;
- (3) A member or manager, if you are a limited liability company; or
- (4) An "executive officer" or insurance manager, if you are an organization other than a partnership, joint venture or limited liability company.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

16. NOTICE TO COMPANY

The following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:**

Notice To Company

If the insured reports an "occurrence" or offense to its Workers Compensation insurer and such "occurrence" or offense later becomes a claim under this Coverage Part, failure to report such "occurrence" or offense to us at the time of the

"occurrence" or offense will not be considered a violation of the Duties in the Event of Occurrence, Offense, Claim or Suit Condition, only if:

- a. Such failure or omission is not intentional; and
- b. You notify us as soon as practicable when you become aware that the "occurrence" or offense has become a liability claim.

17. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

The following is added to **SECTION IV COMMERCIAL GENERAL LIABILITY CONDITIONS**:

Unintentional Failure To Disclose Hazards

Failure of the insured to disclose all hazards existing as of the inception date of the policy shall not prejudice the rights of the insured as respects the insurance afforded by this policy if such failure or omission is not intentional.

18. COVERAGE TERRITORY

The definition of "Coverage territory" under **SECTION V - DEFINITIONS** is replaced by the following:

4. "Coverage territory" means:

- a. The United State of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
- c. All other parts of the world if:
 - 1) The injury or damage arises out of:
 - a) Goods or products made or sold by you in the territory described in a. above; or
 - b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - 2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in:
 - a) The territory described in a. above;

- b) The Commonwealth of the Bahamas, Bermuda, Cayman Islands, and British Virgin Islands;

or in a settlement we agree to.

19. BODILY INJURY DEFINITION

The definition of "Bodily Injury" under **SECTION V - DEFINITIONS** is replaced by the following:

3. "Bodily injury" means:

- a. Bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time; or
- b. Shock, mental anguish or mental injury, including death resulting therefrom, to a person who sustained bodily injury, sickness or disease; provided the shock, mental anguish or mental injury is a consequence of the bodily injury, sickness or disease.

20. PERSONAL INJURY LIABILITY EXTENSION

The definition of "Personal Injury" in **SECTION V - DEFINITIONS** is replaced by the following:

"Personal Injury" means injury including mental anguish, shock or humiliation; other than "bodily injury"; arising out of one or more of the following offenses:

1. False arrest, detention or imprisonment;
2. Malicious prosecution or abuse of process;
3. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
4. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
5. Oral or written publication of material that violates a person's right of privacy; or
6. Discrimination.

As used in this form, discrimination means the act of differentiation based on age, race, color, sex, religion, national origin, physical handicap or sexual preference which violates any applicable federal, state or local statute which pertains to discrimination.

But discrimination does not include acts of differentiation that cause injury to:

- a. A person arising out of any:
 - (1) Refusal to employ that person;
 - (2) Termination of that person's employment; or
 - (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

- b. The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in paragraphs (1), (2) or (3) above as directed.

Paragraphs a. and b. above apply:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But "personal injury" does not include injury arising out of advertising, publishing, broadcasting or telecasting done by or for you.

21. IMPAIRED PROPERTY

- a. The definition of "impaired property" in SECTION V - DEFINITIONS does not apply.
- b. Exclusions m. and n. under SECTION I - COVERAGE A are replaced by the following:
 - m. Loss of use of tangible property which has not been physically injured or destroyed, resulting from:

- (1) A delay in or lack of performance by you or anyone on your behalf of any contract or agreement; or

- (2) The failure of "your product" or "your work" to meet the level of performance, quality, fitness or durability warranted or represented by or on your behalf.

This exclusion does not apply to loss of use of other tangible property resulting from the sudden or accidental physical injury to or destruction of:

- (1) "Your product"; or

- (2) "Your work";

after such product or work has put to its intended use.

- n. Damage claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";

- (2) "Your work"; or

- (3) Any property of which "your product" or "your work" forms a part;

If such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

22. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

8 UTICA NATIONAL INSURANCE GROUP

PAGE 1

REPUBLIC FRANKLIN INSURANCE CO
180 GENESEE STREET
NEW HARTFORD, NY 11341

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

POLICY NUMBER: CPP 2160756
RENEWAL OF CPP 2160756

NAMED INSURED: SAEILO USA, INC. SAEILO, INC. & SAEILO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

FORM OF BUSINESS: CORPORATION

BUSINESS DESCRIPTION: IMP /DISTR & MACH

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL CRIME COVERAGE PART — DECLARATIONS

SCHEDULE

ITEM NO.	DESCRIPTION	LIMIT OF INSURANCE	DED. AMT.	PREMIUM
001	<p>LOCATION NUMBER: 001 630 ROUTE 303 BLAUVELT, NY 10913 IMPORTER/DISTRIBUTOR & MACHINE</p> <p>FORM U1 UNIT FLEX ENDORSEMENT</p>	SEE FORM	SEE FORM	\$ 75

PREMIUM for this Coverage Part \$ 75.00

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART:

SEE 8-S-1018

Authorized Representative

REPRINT: CPP CR 03 0 2160756

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORMS AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

POLICY NUMBER: CPP 2160756

COMMERCIAL AUTO LIABILITY
COMMERCIAL GENERAL LIABILITY
COMMERCIAL INLAND MARINE
COMMERCIAL PROPERTY
BUSINESSOWNERS
CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM ----	EDITION -----	TITLE -----
IL0017	1198	COMMON POLICY CONDITIONS
CR1000	0695	CRIME GENERAL PROVISIONS
IL0268	0498	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
8E17793	0798	UNI-FLEX ENDORSEMENT
CR0004	1090	THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM
CR0001	1090	EMPLOYEE DISHONESTY COVERAGE FORM

COMMERCIAL CRIME

CRIME GENERAL PROVISIONS

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Words and phrases in quotation marks are defined in the policy.

Unless stated otherwise in any Crime Coverage Form, Declarations or endorsement, the following General Exclusions, General Conditions and General Definitions apply to all Crime Coverage Forms forming part of this policy.

A. GENERAL EXCLUSIONS

We will not pay for loss as specified below:

1. **Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
2. **Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.
3. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:
 - a. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
 - b. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
 - c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.
4. **Legal Expenses:** Expenses related to any legal action.
5. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
6. **War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

B. GENERAL CONDITIONS

1. **Concealment, Misrepresentation or Fraud:** This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:
 - a. This insurance;
 - b. The Covered Property;
 - c. Your interest in the Covered Property; or
 - d. A claim under this insurance.
2. **Consolidation - Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
 - a. Any additional persons become "employees"; or
 - b. You acquire the use and control of any additional "premises,"
 any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises," but only if you:
 - a. Give us written notice within 30 days thereafter; and
 - b. Pay us an additional premium.
3. **Coverage Extensions:** Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit of Insurance applying to the Coverage or Coverage Section.
4. **Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
5. **Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:
 - a. Notify us as soon as possible.
 - b. Submit to examination under oath at our request and give us a signed statement of your answers.
 - c. Give us a detailed, sworn proof of loss within 120 days.
 - d. Cooperate with us in the investigation and settlement of any claim.
6. **Joint Insured**
 - a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first Named Insured.

- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this Insurance, that knowledge is considered knowledge of every Insured.
 - c. An "employee" of any Insured is considered to be an "employee" of every Insured.
 - d. If this Insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
 - e. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.
- 7. Legal Action Against Us:** You may not bring any legal action against us involving loss:
- a. Unless you have complied with all the terms of this Insurance; and
 - b. Until 90 days after you have filed proof of loss with us; and
 - c. Unless brought within 2 years from the date you discover the loss.
- 8. Liberalization:** If we adopt any revision that would broaden the coverage under this Insurance without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Insurance.
- 9. Loss Covered Under More Than One Coverage of This Insurance:** If two or more coverages of this Insurance apply to the same loss, we will pay the lesser of:
- a. The actual amount of loss; or
 - b. The sum of the limits of Insurance applicable to those coverages.
- 10. Loss Sustained During Prior Insurance**
- a. If you, or any predecessor in interest, sustained loss during the period of any prior Insurance that you or the predecessor in interest could have recovered under that Insurance except that the time within which to discover loss had expired, we will pay for it under this Insurance, provided:
 - (1) This Insurance became effective at the time of cancellation or termination of the prior Insurance; and
 - (2) The loss would have been covered by this Insurance had it been in effect when the acts or events causing the loss were committed or occurred.
 - b. The Insurance under this Condition is part of, not in addition to, the Limits of Insurance applying to this Insurance and is limited to the lesser of the amount recoverable under:
 - (1) This Insurance as of its effective date; or
 - (2) The prior Insurance had it remained in effect.
- 11. Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate:** If any loss is covered:
- a. Partly by this Insurance; and
 - b. Partly by any prior cancelled or terminated Insurance that we or any affiliate had issued to you or any predecessor in interest;
- the most we will pay is the larger of the amount recoverable under this Insurance or the prior Insurance.
- 12. Non-Cumulation of Limit of Insurance:** Regardless of the number of years this Insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- 13. Other Insurance:** This Insurance does not apply to loss recoverable or recovered under other Insurance or indemnity. However, if the limit of the other Insurance or indemnity is insufficient to cover the entire amount of the loss, this Insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other Insurance or indemnity. However, this Insurance will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in the Declarations.
- 14. Ownership of Property; Interests Covered:** The property covered under this Insurance is limited to property:
- a. That you own or hold; or
 - b. For which you are legally liable.
- However, this Insurance is for your benefit only. It provides no rights or benefits to any other person or organization.
- 15. Policy Period**
- a. The Policy Period is shown in the Declarations.
 - b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.
- 16. Records:** You must keep records of all Covered Property so we can verify the amount of any loss.
- 17. Recoveries**
- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this Insurance will be distributed as follows:
 - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;

- (2) Then to us, until we are reimbursed for the settlement made;
 - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
- b. Recoveries do not include any recovery:
- (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (2) Of original "securities" after duplicates of them have been issued.
18. **Territory:** This insurance covers only acts committed or events occurring within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.
19. **Transfer of Your Rights of Recovery Against Others to Us:** You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.
20. **Valuation - Settlement**

a. Subject to the applicable Limit of Insurance provision we will pay for:

- (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
 - (a) At face value in the "money" issued by that country; or
 - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
- (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
 - (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
 - (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities." However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - i. Value of the "securities" at the close of business on the day the loss was discovered; or

ii. Limit of Insurance.

- (3) Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:

- (a) Actual cash value of the property on the day the loss was discovered;
- (b) cost of repairing the property or "premises"; or
- (c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

- b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

- (1) In the "money" of the country in which the loss occurred; or
- (2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

- c. Any property that we pay for or replace becomes our property.

C. GENERAL DEFINITIONS

1. "Employee" means:

a. Any natural person:

- (1) While in your service (and for 30 days after termination of service); and
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you; or

b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the "premises."

But "employee" does not mean any:

- (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. **"Money"** means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
3. **"Property Other Than Money and Securities"** means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.
4. **"Securities"** means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;
but does not include "money."

COMMERCIAL CRIME
Coverage Form C**THEFT, DISAPPEARANCE AND DESTRUCTION
COVERAGE FORM**

A. COVERAGE - We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1. - Inside The Premises

a. Covered Property: "Money" and "securities" inside the "premises" or a "banking premises."

b. Covered Causes of Loss

- (1) "Theft"
- (2) Disappearance
- (3) Destruction

c. Coverage Extensions

(1) Containers of Covered Property: We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:

- (a) "Theft" of; or
- (b) Unlawful entry into those containers.

(2) Premises Damage: We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of Covered Property if you are the owner of the "premises" or are liable for damage to it.

2. Section 2. - Outside the Premises

a. Covered Property: "Money" and "securities" outside the "premises" in the care and custody of a "messenger."

b. Covered Causes of Loss

- (1) "Theft"
- (2) Disappearance
- (3) Destruction

c. Coverage Extension

Conveyance of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss that you cannot recover:

(1) Under your contract with the armored motor vehicle company; and

(2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:

a. Accounting or Arithmetical Errors or Omissions: Loss resulting from accounting or arithmetical errors or omissions.

b. Acts of Employees, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

- (1) Acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise.

c. Exchanges or Purchases: Loss resulting from the giving or surrendering of property in any exchange or purchase.

d. Fire: Loss from damage to the "premises" resulting from fire, however caused.

- e. **Money Operated Devices:** Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
 - f. **Transfer or Surrender of Property**
 - (1) Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises:"
 - (a) On the basis of unauthorized instructions; or
 - (b) As a result of a threat to do:
 - i. Bodily harm to any person; or
 - ii. Damage to any property.
 - (2) But, this exclusion does not apply under COVERAGE, Section 2, to loss of Covered Property while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:
 - (a) Had no knowledge of any threat at the time the conveyance began; or
 - (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
 - g. **Vandalism:** Loss from damage to the "premises" or its exterior or to containers of Covered Property by vandalism or malicious mischief.
 - h. **Voluntary Parting of Title to or Possession of Property:** Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.
- 2. **Additional Condition**

Duties in the Event of Loss: If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.
 - 3. **Additional Definitions**
 - a. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
 - b. **"Messenger"** means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."
 - c. **"Occurrence"** means an:
 - (1) Act or series of related acts involving one or more persons; or
 - (2) Act or event, or a series of related acts or events not involving any person.
 - d. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.
 - e. **"Theft"** means any act of stealing.

COMMERCIAL CRIME

EMPLOYEE DISHONESTY COVERAGE FORM

(Coverage Form A – Blanket)

A. COVERAGE

We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

1. **Covered Property:** "Money," "securities," and "property other than money and securities."

2. **Covered Cause of Loss:** "Employee dishonesty."

3. **Coverage Extension**

Employees Temporarily Outside Coverage Territory: We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

1. We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

2. You must:

a. Give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.

b. Upon our request, give us a statement describing the loss.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. **Additional Exclusions:** We will not pay for loss as specified below:

a. **Employee Cancelled Under Prior Insurance:** loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

b. **Inventory Shortages:** loss, or that part of any loss, the proof of which as to its existence

or amount is dependent upon:

(1) An inventory computation; or

(2) A profit and loss computation.

2. **Additional Condition**

Cancellation As To Any Employee: This insurance is cancelled as to any "employee:"

a. Immediately upon discovery by:

(1) You; or

(2) Any of your partners, officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" whether before or after becoming employed by you.

b. On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing.

The mailing of notice to you at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

3. **Additional Definitions**

a. **"Employee Dishonesty"** in paragraph A.2. means only dishonest acts committed by an "employee," whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

(1) Cause you to sustain loss; and also

(2) Obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:

(a) The "employee"; or

(b) Any person or organization intended by the "employee" to receive that benefit.

b. **"Occurrence"** means all loss caused by, or involving, one or more "employees," whether the result of a single act or series of acts.

POLICY NUMBER:**

COMMERCIAL CRIME

Effective Date:**

(12:01 A.M. Standard Time)

**Not required if included at policy inception.

UNI-FLEX ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE PART

This endorsement must be used with endorsements 8-E-1779-1 and 8-E-1779-2.

If there is other valid and collectible insurance available to you in other coverage purchased under this policy for any loss or "loss" we also cover under this endorsement, the insurance provided under this endorsement is primary.

- I. The following is a summary of the additional coverages, including limits of insurance, provided by this endorsement. For complete details on specific coverages, consult the applicable forms. The Deductible amount stated in the Schedule below replaces the Deductible amount shown in the Declarations as respects such enhancement.

SCHEDULE**Premium:**

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Enhancement No.	Coverage	Limit of Insurance	Deductible	Covered Causes of Loss	Applicable Coverage Forms
1.	"Money" and "Securities" Theft, Disappearance, and Destruction				
	- Inside The Premises	\$15,000 Per Occurrence	\$250	Per Coverage Forms	CR 00 04 and CR 10 00
	- Outside The Premises	\$5,000 Per Messenger	\$250	Per Coverage Forms	CR 00 04 and CR 10 00
2.	Employee Dishonesty	\$15,000 Per Employee	\$250	Per Coverage Forms	CR 00 01 and CR 10 00



REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

PAGE 1

Y9146
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

POLICY NUMBER: CPP 2160756
RENEWAL OF CPP 2160756

NAMED INSURED: SAETLO USA, INC., SAETLO, INC. & SAETLO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

FORM OF BUSINESS: CORPORATION

BUSINESS DESCRIPTION: IMP / DIST & MACH

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.
In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL INLAND MARINE COVERAGE PART — DECLARATIONS

For deductibles shown below, see individual coverage form(s) for explanation of how deductibles may apply.

SCHEDULE

ITEM NO.	DESCRIPTION	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	PREMIUM
	LOCATION NUMBER 001 630 ROUTE 303 BLAUVELT, NY 10913 IMPORTER/DISTRIBUTOR & MACHINE			
001	8E1779-2 UNI-FLEX ENDORSEMENT	SEE FORM	SEE FORM	\$ 75

PREMIUM for this Coverage Part: \$ 75.00

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART:

SEE 8-S-1018

REPRINT

CPP CIM 03 3 2160756

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

8-D-CIM Ed. 01-92

Includes copyrighted material of Insurance Services Office, Inc., with its permission. Copyright Insurance Services Office, Inc., 1933, 1994.

INSURED

09-12-00

POLICY NUMBER: CPP 2160756

COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 BUSINESSOWNERS
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM ----	EDITION -----	TITLE -----
CM0001	0695	COMMERCIAL INLAND MARINE CONDITIONS
IL0268	0498	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
IL0183	0498	NEW YORK CHANGES - FRAUD
8E17792	0798	UNI-FLEX ENDORSEMENT
CM0067	0695	VALUABLE PAPERS AND RECORDS COVERAGE FORM
CM0028	0695	SIGNS COVERAGE FORM
CM0066	0695	ACCOUNTS RECEIVABLE COVERAGE FORM
8E1461	0186	FINE ARTS FLOATER COVERAGE FORM
8E1462	0186	FINE ARTS BREAKAGE COVERAGE ENDORSEMENT
8E1618	0993	BUSINESS PERSONAL PROPERTY SUPPLEMENTAL COVERAGE FORM
8E2721	1298	EXCLUSION: COMPUTER AND OTHER ELECTRONIC-RELATED PROBLEMS (OTHER THAN

COMMERCIAL INLAND MARINE

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS**A. ABANDONMENT**

There can be no abandonment of any property to us.

B. APPRAISAL

If we and you disagree on the value of the property or the amount of "loss", either may make written demand for an appraisal of the "loss". In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C. DUTIES IN THE EVENT OF LOSS

You must see that the following are done in the event of "loss" to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the "loss". Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the "loss" occurred.
4. Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent "loss" resulting from a cause of loss that is not a Covered Cause of Loss. Also if feasible, set the damaged property aside and in the best possible order for examination.
5. Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.
6. Permit us to inspect the property and records proving "loss".
7. If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

8. Send us a signed, sworn statement of "loss" containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Promptly send us any legal papers or notices received concerning the "loss".

10. Cooperate with us in the investigation or settlement of the claim.

D. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same "loss", we will not pay more than the actual amount of the "loss".

E. LOSS PAYMENT

We will pay or make good any "loss" covered under this Coverage Part within 30 days after:

1. We reach agreement with you;
2. The entry of final judgment; or
3. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

F. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this Coverage Part, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

G. PAIR, SETS OR PARTS

1. Pair or Set. In case of "loss" to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the "loss"; or
- b. Pay the difference between the value of the pair or set before and after the "loss".

2. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

1. Settle the "loss" with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.

2. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

I. RECOVERIES

Any recovery or salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been made up.

J. REINSTATEMENT OF LIMIT AFTER LOSS

The Limit of Insurance will not be reduced by the payment of any claim, except for total "loss" of a scheduled item, in which event we will refund the unearned premium on that item.

K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after "loss" to impair them.

GENERAL CONDITIONS

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the "loss".

C. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property, will benefit from this insurance.

D. POLICY PERIOD

We cover "loss" commencing during the policy period shown in the Declarations.

E. VALUATION

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before "loss"; or
3. The cost of replacing that property with substantially identical property.

In the event of "loss", the value of property will be determined as of the time of "loss".

COMMERCIAL INLAND MARINE

VALUABLE PAPERS AND RECORDS COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this Insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F-DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. **COVERED PROPERTY**, as used in this Coverage Form, means "valuable papers and records" that are your property or property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Property not specifically declared and described in the Declarations if such property cannot be replaced with other property of like kind and quality;
- b. Property held as samples or for delivery after sale;
- c. Property in storage away from the "premises" shown in the Declarations; or
- d. Contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. ADDITIONAL COVERAGE - COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;

- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSIONS**a. Removal**

If you give us written notice within 10 days of removal of your "valuable papers and records" because of imminent danger of "loss," we will pay for "loss" while it is:

- (1) At a safe place away from your "premises;" or
- (2) Being taken to and returned from that place.

This Coverage Extension is included within the Limits of Insurance applicable to the "premises" from which the Covered Property is removed.

b. Away From Your Premises

We will pay up to \$5,000 for "loss" to Covered Property while it is away from your "premises."

But if a higher Limit of Insurance is specified in the Declarations, the higher limit will apply.

The limit for this Coverage Extension is additional insurance.

B. EXCLUSIONS

- 1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for "loss" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or

- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.
 - c. War and Military Action
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
 - 2. We will not pay for a "loss" caused by or resulting from any of the following:
 - a. Delay, loss of use, loss of market or any other consequential loss.
 - b. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.
- This exclusion applies whether or not such:
- (1) Persons are acting alone or in collusion with other persons; or
 - (2) Acts occur during the hours of employment.
- This exclusion does not apply to:
- (1) Covered Property that is entrusted to others who are carriers for hire; or
 - (2) Acts of destruction by your employees. But theft by employees is not covered.
- c. Errors or omissions in processing or copying.

But we will pay for direct "loss" caused by resulting fire or explosion if these causes of "loss" would be covered by this Coverage Form.
- d. Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct "loss" caused by lightning.
- e. Voluntary parting with any property by you or anyone entrusted with the property if

Induced to do so by any fraudulent scheme, trick, device or false pretense.

- f. Unauthorized instructions to transfer property to any person or to any place.
- 3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
 - b. Acts or decisions, including the failure to act or decide, of any person group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

of part or all of any property wherever located.
 - d. Collapse except as provided in the Additional Coverage - Collapse section of this Coverage form.
 - e. Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration, insects, vermin or rodents.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

1. VALUATION - SPECIFICALLY DECLARED ITEMS

The following is added to Commercial Inland Marine General Condition E. Valuation:

The value of each item of property that is specifically declared and described in the Declarations is the applicable Limit of Insurance shown in the Declarations for that item.

2. RECOVERIES

The following is added to Commercial Inland Marine Loss Condition I. Recoveries:

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. If so, your "loss" will be readjusted based on the amount you received for the property recovered, with allowance for recovery expenses incurred.

3. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

a. COVERAGE TERRITORY

We cover property:

- (1) Within your "premises;" and
- (2) Away from your "premises" while in transit or within premises of others if those premises are located or the transit is within:
 - (a) The United States of America;
 - (b) Puerto Rico; and
 - (c) Canada.

b. PROTECTION OF RECORDS

Whenever you are not open for business, and except while you are actually using the property, you must keep all "valuable papers and records" in receptacles that are described in the Declarations.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.
But "valuable papers and records" does not mean "money" or "securities," converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.
3. "Premises" means that interior portion of the building at the address shown in the Declarations that you occupy for your business.
4. "Money" means:
 - a. Currency, coins and bank notes whether or not in current use; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
5. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps whether or not in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;
 but does not include "money."

COMMERCIAL INLAND MARINE

SIGNS COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F — DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means:

- a. Your signs; and
- b. Similar property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. ADDITIONAL COVERAGE COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovating if the collapse occurs during the course of the construction, remodeling or renovating.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for "loss" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

(1) Any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

a. Delay, loss of use, loss of market or any other consequential loss.

b. Breakage during transportation, or breakage during installation, repairing or dismantling.

But we do insure against such "loss" caused directly by fire, lightning, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

c. Dishonest or criminal act committed by:

- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
- (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such:

- (1) Persons are acting alone or in collusion with other persons; or
- (2) Acts occur during the hours of employment.

This exclusion does not apply to:

- (1) Covered Property that is entrusted to others who are carriers for hire; or
- (2) Acts of destruction by your employees. But theft by employees is not covered.

d. Artificially generated current creating a short circuit or other electric disturbance within an article covered under this Coverage Form.

But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

This exclusion only applies to "loss" to that article in which the disturbance occurs.

- e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - f. Unauthorized instructions to transfer property to any person or to any place.
- 3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."**
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property wherever located.

d. Collapse except as provided in the Additional Coverage – Collapse section of this Coverage Form.

e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; dampness, cold or heat.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America;
- b. Puerto Rico; and
- c. Canada.

2. COINSURANCE

All Covered Property, except property in transit, must be insured for its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to the total value of all property at all locations as of the time of "loss." This penalty will not apply to property in transit.

F. DEFINITIONS

"Loss" means accidental loss or damage.

COMMERCIAL INLAND MARINE

ACCOUNTS RECEIVABLE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section E — DEFINITIONS.

A. COVERAGE**1. We will pay:**

- a. All amounts due from your customers that you are unable to collect;
- b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c. Collection expenses in excess of your normal collection expenses that are made necessary by the "loss"; and
- d. Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

2. PROPERTY NOT COVERED

Coverage does not apply to:

- a. Records of accounts receivable in storage away from the "premises" shown in the Declarations; or
- b. Contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to your records of accounts receivable except those causes of "loss" listed in the Exclusions.

4. ADDITIONAL COVERAGE — COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;

- f. Use of defective materials or methods in construction, remodeling or renovation of the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSION**Removal**

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of "loss", we will pay for "loss" while they are:

- a. At a safe place away from your "premises"; or
- b. Being taken to and returned from that place.

This Coverage Extension is included within the Limit of Insurance applicable to the "premises" from which the records of accounts receivable are removed.

B. EXCLUSIONS

- 1. We will not pay for "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for "loss" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
2. We will not pay for a "loss" caused by or resulting from any of the following:
- a. Delay, loss of use, loss of market or any other consequential loss.
 - b. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.
 This exclusion applies whether or not such:
 - (1) Persons are acting alone or in collusion with other persons; or
 - (2) Acts occur during the hours of employment.
 This exclusion does not apply to:
 - (1) Covered Property that is entrusted to others who are carriers for hire; or
 - (2) Acts of destruction by your employees. But theft by employees is not covered.
 - c. Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.
 This exclusion applies only to the extent of the wrongful giving, taking or withholding.
 - d. Bookkeeping, accounting or billing errors or omissions.
 - e. Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - (1) Programming errors or faulty machine instructions;
 - (2) Faulty installation or maintenance of data processing equipment or component parts;
 - (3) An occurrence that took place more than 100 feet from your "premises"; or
 - (4) Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took

place more than 100 feet from your "premises".

But we will pay for direct "loss" caused by lightning.

- f. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - g. Unauthorized instructions to transfer property to any person or to any place.
3. We will not pay for "loss" that requires any audit of records or any inventory computation to prove its factual existence.
4. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss".
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
 of part or all of any property wherever located.
 - d. Collapse, except as provided in the Additional Coverage — Collapse section of this Coverage Form.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

D. ADDITIONAL CONDITIONS

1. DETERMINATION OF RECEIVABLES

General Condition E. Valuation in the Commercial Inland Marine Conditions is replaced by the following:

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of "loss", the following method will be used:
 - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the "loss" occurs; and

- (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the "loss" occurred or for any demonstrated variance from the average for that month.

b. The following will be deducted from the total amount of accounts receivable, however, that amount is established:

- (1) The amount of the accounts for which there is no "loss";
- (2) The amount of the accounts that you are able to re-establish or collect;
- (3) An amount to allow for probable bad debts that you are normally unable to collect; and
- (4) All unearned interest and service charges.

2. RECOVERIES

The following is added to Commercial Inland Marine Loss Condition I. Recoveries:

You will pay us the amount of all recoveries you receive for a "loss" paid by us. But any recoveries in excess of the amount we have paid belong to you.

- 3. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

a. COVERAGE TERRITORY

We cover records of accounts receivable:

- (1) Within your "premises"; and
- (2) Away from your "premises" while in transit or within premises of others if

those premises are located or the transit is within:

- (a) The United States of America;
- (b) Puerto Rico; and
- (c) Canada.

b. COINSURANCE

All accounts receivable, except those in transit, must be insured for at least 80% of their total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for Coverage Applicable at All Locations bears to 80% of the total value of all accounts receivable at all locations as of the time of "loss". This penalty will not apply to records of accounts receivable in transit, interest charges, excess collection expenses or expenses to re-establish your records of accounts receivable.

c. PROTECTION OF RECORDS

Whenever you are not open for business, and except while you are actually using the records, you must keep all records of accounts receivable in receptacles that are described in the Declarations.

E. DEFINITIONS

- 1. "Loss" means accidental loss or damage.
- 2. "Premises" means that interior portion of the building at the address shown in the Declarations that you occupy for your business.

POLICY NUMBER:**

COMMERCIAL INLAND MARINE

Effective Date:**

(12:01 A.M. Standard Time)

**Not required if included at policy inception.

UNI-FLEX ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

This endorsement must be used with endorsements 8-E-1779-1 and 8-E-1779-3. If there is other valid and collectible insurance available to you in other coverage purchased under this policy for any loss or "loss" we also cover under this endorsement, the insurance provided under this endorsement is primary. Enhancement No. 4, Fine Arts, does not apply with respect to any item for which specific coverage is provided by any policy other than the Commercial Package Policy to which this endorsement is attached.

- I. The Deductible amount stated in the Schedule below replaces the Deductible amount shown in the Declarations as respects such enhancement.

In the event of an occurrence which results in loss, damage or "loss" for which this policy includes coverage under a Coverage Enhancement and an additional separately purchased limit for the same coverage with a deductible, we will pay for loss, damage, or "loss" based on the method below which results in the higher total payment to you.

1. We will apply each deductible to the loss, damage or "loss" for the coverage to which it applies; or
 2. We will add the amount of loss, damage or "loss" from all involved coverages and subtract from the total the larger or largest applicable deductible.
- II. The following is a summary of the additional coverages, including limits of insurance, provided by this endorsement. For complete details on specific coverages, consult the applicable forms. Any Coinsurance Additional Condition does not apply to those enhancements for which Nil is shown under Coinsurance in the Schedule below.

SCHEDULE**Premium:**

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Enhancement No.	Coverage	Limit of Insurance	Coins.	Deductible	Covered Causes of Loss	Applicable Coverage Forms
1.	Valuable Papers and Records	\$25,000 Per Building	Nil	\$250	Per Coverage Forms	CM 00 67 and CM 00 01
2.	Signs	\$10,000 Per Location	Nil	\$250	Per Coverage Forms	CM 00 28 and CM 00 01

Enhancement No.	Coverage	Limit of Insurance	Coins	Deductible	Covered Causes of Loss	Applicable Coverage Forms
3.	Accounts Receivable	\$25,000 Per Location	NII	NII	Per Coverage Forms	CM 00 66 and CM 00 01
4.	Fine Arts	\$5,000 Per Location	NII	\$250	Per Coverage Forms	8-E-1461, 8-E-1462 and CM 00 01
5.	Business Personal Property					
	- Coverage A	\$15,000 Each Occurrence	NII	\$100	Per Coverage Forms	8-E-1618 and CM 00 01
	- Coverage B	\$15,000 Each Occurrence	NII	\$100	Per Coverage Forms	8-E-1618 and CM 00 01
	- Coverage C	\$15,000 Each Occurrence	NII	\$100	Per Coverage Forms	8-E-1618 and CM 00 01

III. The following is substituted for the Valuation Additional Condition of the Fine Arts Floater Coverage Form, 8-E-1461, and the Valuation General Condition of the Commercial Inland Marine Conditions, CM 00 01, for Enhancement No. 4, Fine Arts:

Valuation

We shall not be liable, with respect to fine arts which are not specifically described, for more than the market value at the time of "loss" of such fine arts, subject to the total limit shown in the Schedule of the CIM UNI-FLEX Endorsement for Enhancement No. 4, Fine Arts.

IV. A. The Signs Coverage Form, CM 00 28, is modified as follows:

The following is added to the Coinsurance Additional Condition:

For any sign "loss" up to \$10,000, this Condition does not apply. For any sign "loss" greater than \$10,000, the Limit of Insurance for All Covered Property at all locations shall be the sum of the \$10,000

limit granted in the CIM UNI-FLEX Endorsement and any Limit of Insurance shown for All Covered Property at all locations in the Declarations.

B. Only as respects the Signs Coverage provided by the CIM UNI-FLEX Endorsement or any additional Sign Coverage purchased in conjunction with it, the Valuation General Condition of the Commercial Inland Marine Conditions, CM 00 01, is replaced by the following:

VALUATION

The value of property will be the lesser of the following amounts:

1. The cost of reasonably restoring that property to its condition immediately before "loss"; or
2. The cost of replacing that property with substantially identical property.

In the event of "loss," the value of property will be determined as of the time of "loss."

- V. The Accounts Receivable Coverage Form, CM 00 66, is modified as follows:

The following is added to the Coinsurance Additional Condition:

For any accounts receivable "loss" up to \$25,000, this Condition does not apply. For any accounts receivable "loss" greater than \$25,000, the Limit of Insurance for Coverage Applicable at All Locations shall be the sum of the \$25,000 limit for accounts receivable granted in the CIM UNI-FLEX Endorsement and any Limit of Insurance for Coverage applicable at All Locations shown in the Declarations.

POLICY NUMBER:

COMMERCIAL INLAND MARINE

FINE ARTS FLOATER COVERAGE FORM

Various provisions in this form restrict coverage. Read the entire form carefully to determine rights, duties and what is and is not covered.

Throughout this form the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this Insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H — DEFINITIONS.

A. SCHEDULE

Limit of Insurance	Locations Covered
\$ SEE DECLARATIONS	SEE DECLARATIONS
\$	
\$	
\$	
\$	

Description of Property	Title of Article	Artist or Maker	Amount of Insurance
SEE DECLARATIONS			

Deductible: SEE DECLARATIONS

B. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss unless an Exclusion applies.

1. Covered Property, as used in this Coverage Form, means:

Fine arts specified in the Schedule in this form, being your fine arts or the fine arts of others in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

- a. Contraband, or property in the course of illegal transportation or trade;
- b. Watercraft and aircraft; plans, blueprints, designs or specifications;

c. Insured property while waterborne except while on a regular ferry line or unless otherwise endorsed on.

However, loss to such property caused by fire would be covered.

3. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. Additional Coverage — Collapse

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as covered in this Coverage Form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

C. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Delay, loss of market, or loss of use.
- b. Bankruptcy, foreclosure or similar proceedings.
- c. Dishonest acts by you, anyone else with an interest in the property, your or their employees or authorized representatives or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- d. Any repairing or process involving restoration or retouching of Covered Property.
- e. Breakage, marring or scratching of art glass windows; marbles or statuary; glassware; bric-a-brac or porcelains; and other similar fragile articles unless caused by:

- (1) Fire or lightning;
- (2) explosion;
- (3) windstorm, cyclone or tornado;
- (4) earthquake or flood;
- (5) theft or attempted theft;
- (6) aircraft;
- (7) collision, derailment or overturn of conveyance; and
- (8) malicious damage.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property wherever located.

- d. Collapse except as provided in the Additional Coverage — Collapse section of this Coverage Form.
- e. Gradual deterioration; hidden or latent defect; any quality in the property that causes it to damage or destroy itself; insects, vermin or rodents; corrosion; rust; dampness; cold or heat.

D. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Schedule in this Coverage Form.

E. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Schedule in this form. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. Coverage Territory

We cover property wherever located within or between:

- a. The United States of America;
- b. Puerto Rico; and
- c. Canada.

2. Packing

If packing and unpacking is necessary for shipment or transportation of Covered Property, you agree to supervise packing operations or have the Covered Property packed and unpacked by competent packers.

3. Condition of Property

All Covered Property must be in sound condition at the time it becomes insured.

4. Scheduled Property

Each item which is scheduled in this form is considered to be separately insured.

5. Waiver of Subrogation

You may not agree to release or impair any of your rights against any party to recover the full amount of any "loss" covered under this policy. This cannot be done either before or after the "loss."

However, this restriction will not apply to an agreement you make in your contract(s) to perform work.

6. Valuation

We shall not be liable for more than the amount you stated in the Schedule of this Coverage Form. These amounts are the agreed values of your articles for the purpose of this insurance.

7. Exhibition

Covered Property is not covered while located on fairgrounds or on the premises of any national or international exposition unless you have specifically described such premises in the Schedule of this Coverage Form or endorsed them onto your policy at a date after this policy takes effect.

G. EXTENSION OF COVERAGE

- 1. After this policy takes effect, we will consider additional items which you acquire during the term of this policy as Covered Property if the following conditions are met:

- a. The items must be similar in nature to those in the Schedule in this form.
- b. The items must be your property or the property of others in your care, custody, or control.
- c. You must report such items within ninety (90) days from the date acquired and pay a premium on them at pro rata of the policy rate from that date.

- 2. Under this extension we will not pay more than the actual cash value of the Covered Property. The most we will pay under this extension is 25% of the total Limit of Insurance shown on the Schedule in this form or \$25,000, whichever is less.

H. DEFINITIONS

"Loss" means accidental loss or damage.

COMMERCIAL INLAND MARINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FINE ARTS BREAKAGE COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

FINE ARTS FLOATER COVERAGE FORM (8-E-1461)

It is agreed that:

Section C. Exclusions, Part 2.e. is deleted and replaced by the following:

- e. Marring or scratching of art glass windows; marbles or statuary; glassware; bric-a-brac or porcelains; and other similar fragile articles unless caused by:
 - (1) Fire or lightning;
 - (2) explosion;
 - (3) windstorm, cyclone or tornado;
 - (4) earthquake or flood;
 - (5) theft or attempted theft;
 - (6) aircraft;
 - (7) collision, derailment or overturn of conveyance; and
 - (8) malicious damage.

POLICY NUMBER: CPP 2160756

COMMERCIAL INLAND MARINE
BUSINESSOWNERS

BUSINESS PERSONAL PROPERTY SUPPLEMENTAL COVERAGE FORM

Various provision in this form restrict coverage. Read the entire form carefully to determine rights, duties and what is and is not covered.

Throughout this form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "out" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section VII - DEFINITIONS.

THIS FORM PROVIDES INSURANCE FOR ONLY THOSE COVERAGES FOR WHICH A LIMIT OF LIABILITY AND PREMIUM ARE SHOWN IN THE SCHEDULE OR THE DECLARATIONS.

I. SCHEDULE		Coverage	Annual Premium
Limits of Insurance			
\$	each occurrence	A	\$
\$	each occurrence	B	\$
\$	each occurrence	C	\$

Deductible -\$ Deductible Amount is \$100 unless otherwise indicated.

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

II. COVERAGES

Coverage A - Your business personal property while away from premises owned or controlled by you.

Coverage B - At your option, business personal property of others in your care, custody, and control; or in the custody of others to whom you have given this property, without regard to your legal liability for loss.

Coverage C - Business personal property described in Coverages A and B above while in transit.

1. Covered Property

When used in this form, business personal property means personal property usual to the business of the insured.

2. Property Not covered

Covered Property does not include:

- Contraband, or property in the course of illegal transportation or trade;
- Accounts, bills, currency, deeds, evidences of debt, money, notes & securities;
- Shipments which have been refused or which are returned by their consignee (unless endorsed hereon);
- Export or Import shipments;
- Mall or parcel post shipments;
- Animals, unless specifically insured, and then they are only covered against "loss" due to death caused by, or destruction made necessary by, injuries due to:
 - fire;
 - lightning;
 - windstorm;
 - flood;
 - explosion;
 - upset, overturn or derailment; or
 - stranding, sinking or burning of ferries;

(2) lightning;

(3) windstorm;

(4) flood;

(5) explosion;

(6) upset, overturn or derailment; or

(7) stranding, sinking or burning of ferries;

g. Profit, loss of use or loss or market, however caused.

3. Covered Causes Of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. Additional Coverages

a. Collapse

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice, or sleet; water damage; all only as covered in this form;
- Hidden decay;
- Hidden insect or vermin damage;
- Weight of people or personal property;
- Weight of rain that collects on a roof;
- Use of defective materials or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.

b. Flood

Under Coverage C we will pay for direct "loss" from "flood, during the term of the policy to which this Coverage Form is attached, up to the Limit of Insurance purchased for Coverage C.

A deductible of \$250 applies to each occurrence under this Additional Coverage.

These Additional Coverages do not increase the Limits of Insurance provided in this Form.

III. EXCLUSIONS

1. We will not pay for "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by or resulting from fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

d. Water

- (1) Under Coverages A and B:
Flood," whether driven by wind or not.
- (2) Under Coverage C:
"Flood" except as provided by the Additional Coverage - Flood section of this Coverage Form.
But we will pay for direct "loss" caused by resulting fire, explosion, or theft if these causes of "loss" would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Theft from any unattended vehicle unless at the time of theft its windows, doors, and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

But this exclusion does not apply to property in the custody of a carrier for hire.

- b. Delay, loss of market, business interruption, indirect, or consequential loss.

- c. Unexplained disappearance.

- (1) This exclusion does not apply to property in the custody of any carrier from whom the Insured has a receipt (record of shipment) describing goods being transported and their value.

- (2) As respects property covered because of the exception in (1) above, we will pay only the excess over what you collect or should have collected from any other sources of remuneration or insurance.

- d. Shortage found upon taking inventory.

- e. Dishonest acts by you, anyone else with an interest in the property, your or their employees or authorized representatives or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- f. (1) Processing, actual work upon, or installation of covered property;
- (2) Failure, breakdown, or derangement of machines or machinery; or
- (3) Error, omission, or deficiency in design, specifications, workmanship, or materials.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body.

- c. Faulty, inadequate, or defective:

- (1) Planning, zoning, development, surveying, siting;

- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation, or remodeling; or
- (4) Maintenance;
of part or all of any property wherever located.
- d. Collapse except as provided in the Additional Coverage-Collapse section of this Coverage Form.
- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold, or heat.

IV. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Schedule or Declarations.

V. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying

the applicable Limit of Insurance exceeds the Deductible shown in the Schedule or Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

VI. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. Coverage Territory

We cover property wherever located within:

- a. The United States of America; and
- b. Canada.

2. Replacement Cost

Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the General Conditions E. Valuation of the Commercial Inland Marine Conditions.

VII. DEFINITIONS

- 1. "Flood" means the overflow of a river, stream, or other body of water.
- 2. "Loss" means accidental loss or damage.



REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13418

PAGE 1

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 437-0300

ITEM ONE

POLICY NUMBER: CPP 2160756
REWRITE OF CPP 2160756

NAMED INSURED: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

FORM OF BUSINESS: CORPORATION

BUSINESS DESCRIPTION: IMP/DIST & MACH

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL AUTO COVERAGE PART — DECLARATIONS

ITEM TWO — SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only the following coverages which are indicated by a premium entry. Each of these coverages will apply only to those "autos" shown as covered. "Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the Covered Auto Section of the Business Auto Coverage Form next to the name of the coverage.

COVERAGES	COVERED AUTOS	LIMITS	PREMIUM
LIABILITY	8-9 \$ 1,000,000	THE MOST WE WILL PAY FOR ONE ACCIDENT OR LOSS (If no entry, 100 (REY THREE))	\$ 53
PERSONAL INJURY PROTECTION (P.I.P.) (or equivalent No-Fault Cov.) NEW YORK P.I.P. TOTAL (See New York Supplemental Declarations 8-E-1821) ADDED P.I.P. (or equivalent added No-Fault Cov.)	SEPARATELY STATED IN EACH P.I.P. ENDORSEMENT MINUS Deductible SEPARATELY STATED IN EACH ADDED P.I.P. ENDORSEMENT SEPARATELY STATED IN THE P.I.P. ENDORSEMENT MINUS Deductible FOR EACH ACCIDENT		
PROPERTY PROTECTION INSURANCE (P.P.I.) (Michigan Only) AUTO MEDICAL PAYMENTS			
UNINSURED MOTORISTS OR SUPPLEMENTARY UNINSURED MOTORISTS (SUM) (NY ONLY) (If Supplemental Declarations 8-E-1892 is attached)			
UNDERINSURED MOTORISTS (When not included in Uninsured Motorists Coverage) (Not for NY)			
PHYSICAL DAMAGE COVERAGE	ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS:		
COMPREHENSIVE	Deductible FOR EACH COVERED AUTO FOR ALL LOSS EXCEPT FIRE OR LIGHTNING		
SPECIFIED CAUSES OF LOSS	\$ Deductible FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM MIN. PREM. ADJUSTMENT		47.00
COLLISION TOWING AND LABOR	Deductible FOR EACH COVERED AUTO each disablement of a private passenger auto		
FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART See 8-S-1018	PREMIUM FOR ENDORSEMENTS		
	ESTIMATED TOTAL PREMIUM \$		100.00

REPRINT

CPP BAC 03 4 2160756

Company Office

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS,
COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

8-DU-BAC Ed. 7-95

Includes copyrighted material of Insurance Services Offices, Inc., with its permission. Copyright, Insurance Services Office, Inc., 1995

INSURED

09-12-00

DECLARATIONS-Continued

Policy No. CPP 2160756

PAGE 2

ITEM FOUR-SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS

LIABILITY COVERAGE - RATING BASIS, COST OF HIRE

<u>STATE</u>	<u>ESTIMATED COST OF HIRE FOR EACH STATE</u>	<u>RATE PER EACH \$100 COST OF HIRE</u>	<u>PREMIUM</u>
NY			28.00

Cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or employees or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

TOTAL PREMIUM 28.00

PHYSICAL DAMAGE COVERAGE

<u>COVERAGES</u>	<u>LIMIT OF LIABILITY THE MOST WE WILL PAY, AND DEDUCTIBLE APPLICABLE</u>	<u>RATE</u>	<u>MINIMUM PREMIUM</u>	<u>PREMIUM</u>
COMPREHENSIVE	ACTUAL CASH VALUE, COST OF REPAIRS OR: WHICHEVER IS LESS, MINUS Ded. FOR EACH COVERED "AUTO" FOR ALL LOSS EXCEPT FIRE OR LIGHTNING			
SPECIFIED CAUSES OF LOSS	ACTUAL CASH VALUE, COST OF REPAIRS OR: WHICHEVER IS LESS, MINUS \$25 Ded. FOR EACH COVERED "AUTO" FOR LOSS CAUSED BY MISCHIEF OR VANDALISM			
COLLISION	ACTUAL CASH VALUE, COST OF REPAIRS OR: WHICHEVER IS LESS, MINUS Ded. FOR EACH COVERED "AUTO"			

PHYSICAL DAMAGE COVERAGE for covered "autos" you hire or borrow is excess unless otherwise stated below.

TOTAL PREMIUM

ITEM FIVE - SCHEDULE FOR NON-OWNERSHIP LIABILITY

<u>NAMED INSURED'S BUSINESS</u>	<u>RATING BASIS</u>	<u>NUMBER</u>	<u>PREMIUM</u>
OTHER THAN A SOCIAL SERVICE AGENCY	No. of Employees	25	25.00
	No. of Partners		
SOCIAL SERVICE AGENCY	No. of Employees		
	No. of Volunteers		
TOTAL PREMIUM			25.00

POLICY NUMBER: CPP 2160756

PAGE 3
 COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 BUSINESSOWNERS
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM ----	EDITION -----	TITLE -----	PREMIUM -----
CA0001	01/87	BUSINESS AUTO COVERAGE FORM	
IL0183	04/98	NEW YORK CHANGES -FRAUD	
CA0112	04/97	NY CHANGES IN BUSINESS AUTO AND TRUCKERS COVERAGE FORM	
CA0225	03/99	NY CHANGES-CANCELLATION	
IL0017	11/98	COMMON POLICY CONDITIONS	
IL0023	04/98	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT	

COMMERCIAL AUTO

BUSINESS AUTO COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this Insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION V - DEFINITIONS.

SECTION I - COVERED AUTOS

ITEM TWO of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos." The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos."

A. DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

SYMBOL	DESCRIPTION
--------	-------------

- | | |
|---|--|
| 1 = ANY "AUTO." | |
| 2 = OWNED "AUTOS" ONLY. Only those "autos" you own (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins. | |
| 3 = OWNED PRIVATE PASSENGER "AUTOS" ONLY. Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins. | |
| 4 = OWNED "AUTOS" OTHER THAN PRIVATE PASSENGER "AUTOS" ONLY. Only those "autos" you own that are not of the private passenger type (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins. | |
| 5 = OWNED "AUTOS" SUBJECT TO NO-FAULT. Only those "autos" you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged. | |
| 6 = OWNED "AUTOS" SUBJECT TO A COMPULSORY UNINSURED MOTORISTS LAW. Only those "autos" you own that because of the law in the state where they are | |

licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.

7 = SPECIFICALLY DESCRIBED "AUTOS". Only those "autos" described in ITEM THREE of the Declarations for which a premium charge is shown (and for Liability Coverage any "trailers" you don't own while attached to any power unit described in ITEM THREE).

8 = HIRED "AUTOS" ONLY. Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent, or borrow from any of your employees or partners or members of their households.

9 = NONOWNED "AUTOS" ONLY. Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with our business. This includes "autos" owned by your employees or partners or members of their households but only while used in your business or your personal affairs.

B. OWNED AUTOS YOU ACQUIRE AFTER THE POLICY BEGINS

1. If symbols 1,2,3,4,5 or 6 are entered next to a coverage in ITEM TWO of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.

2. But, if symbol 7 is entered next to a coverage in ITEM TWO of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:

a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and

b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. CERTAIN TRAILERS, MOBILE EQUIPMENT AND TEMPORARY SUBSTITUTE AUTOS

If Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried or towed by a covered "auto."

3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:

- a. Breakdown;
- b. Repair;
- c. Servicing;
- d. "Loss;" or
- e. Destruction.

SECTION II- LIABILITY COVERAGE**A. COVERAGE**

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this Insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto."

We have the right and duty to defend any "suit" asking for these damages. However, we have no duty to defend "suits" for "bodily injury" or "property damage" not covered by this Coverage Form. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. WHO IS AN INSURED

The following are "Insureds:"

- a. You for any covered "auto."
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
 - (1) The owner or anyone else from whom you hire or borrow a covered "auto." This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.
 - (2) Your employee if the covered "auto" is owned by that employee or a member of his or her household.
 - (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing or parking "autos" unless that business is yours.
 - (4) Anyone other than your employees, partners, a lessee or borrower or any of their employees, while moving property to or from a covered "auto."
 - (5) A partner of yours for a covered "auto" owned by him or her or a member of his or her household.
- c. Anyone else who is not otherwise excluded under paragraph b. above and is liable for the conduct of an "Insured" but only to the extent of that liability.

2. COVERAGE EXTENSIONS

- a. Supplementary Payments. In addition to the Limit of Insurance, we will pay for the "Insured:"

- (1) All expenses we incur.
- (2) Up to \$250 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any "suit" we defend, but only for bond amounts within our Limit of Insurance.
- (4) All reasonable expenses incurred by the "Insured" at our request, including actual loss of earning up to \$100 a day because of time off from work.
- (5) All costs taxed against the "Insured" in any "suit" we defend.
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" we defend; but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

- b. Out of State Coverage Extensions.

While a covered "auto" is away from the state where it is licensed we will:

- (1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out of state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. EXCLUSIONS

This insurance does not apply to any of the following:

1. EXPECTED OR INTENDED INJURY

"Bodily Injury" or "property damage" expected or intended from the standpoint of the "insured."

2. CONTRACTUAL

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- Assumed in a contract or agreement that is an "insured contract;" or
- That the "insured" would have in the absence of the contract or agreement.

3. WORKERS COMPENSATION

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers compensation, disability benefits or unemployment compensation law or any similar law.

4. EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY

"Bodily Injury" to:

- An employee of the "insured" arising out of and in the course of employment by the "insured;" or
- The spouse, child, parent, brother or sister of that employee as a consequence of paragraph a. above.

This exclusion applies:

- Whether the "insured" may be liable as an employer or in any other capacity; and
- To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to domestic employees not entitled to workers compensation benefits or to liability assumed by the "insured" under an "insured contract."

5. FELLOW EMPLOYEE

"Bodily Injury" to any fellow employee of the "insured" arising out of and in the course of the fellow employee's employment.

6. CARE, CUSTODY OR CONTROL

"Property damage" to property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. HANDLING OF PROPERTY

"Bodily Injury" or "property damage" resulting from the handling of property:

- Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto;" or
- After it is moved from the covered "auto" to the place where it is finally delivered by the "insured."

8. MOVEMENT OF PROPERTY BY MECHANICAL DEVICE

"Bodily Injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto."

9. OPERATIONS

"Bodily Injury" or "property damage" arising out of the operation of any equipment listed in paragraphs 6.b. and 6.c. of the definition of "mobile equipment."

10. COMPLETED OPERATIONS

"Bodily Injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

- Work or operations performed by you or on your behalf; and
- Materials, parts, or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in paragraphs a. or b. above.

Your work will be deemed completed at the earliest of the following times:

- When all of the work called for in your contract has been completed.
- When all of the work to be done at the site has been completed if your contract calls for work at more than one site.

- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. POLLUTION

- a. "Bodily Injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:
- (1) That are, or that are contained in any property that is:
 - (a) Being transported or towed by, or handled for movement into, onto or from, the covered "auto;"
 - (b) Otherwise in the course of transit by the "insured;" or
 - (c) Being stored, disposed of, treated or processed in or upon the covered "auto;"
 - (2) Before the pollutants or any property in which the pollutants are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto;" or
 - (3) After the pollutants or any property in which the pollutants are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured."
- b. Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Paragraph a.(1)(c) does not apply to fuels, lubricants, fluids, exhaust gases or other similar pollutants that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The pollutants escape or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such pollutants; and
- (2) The "bodily injury" or "property damage" does not arise out of the operation of any equipment listed in paragraphs 6.b and 6.c of the definition of "mobile equipment."

Paragraphs a(2) and a(3) of this exclusion do not apply if:

- (1) The pollutants or any property in which the pollutants are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto;" and
- (2) The discharge, dispersal, release or escape of the pollutants is caused directly by such upset, overturn or damage.

12. WAR

"Bodily Injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

C. LIMIT OF INSURANCE

Regardless of the number of covered "autos," "insureds," premiums paid, claims made or vehicles involved in the "accident," the most we will pay for all damages resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury" and "property damage" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident."

SECTION III- PHYSICAL DAMAGE COVERAGE

A. COVERAGE

1. We will pay for "loss" to a covered "auto" or its equipment under:

a. Comprehensive Coverage. From any cause except:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

b. Specified Causes of Loss Coverage. Caused by:

- (1) Fire, lightning or explosion;
- (2) Theft;
- (3) Windstorm, hail or earthquake;
- (4) Flood;
- (5) Mischief or vandalism; or
- (6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto."

c. Collision Coverage. Caused by:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

2. Towing.

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

3. Glass Breakage - Hitting a Bird or Animal - Falling Objects or Missiles.

If you carry Comprehensive Coverage for the damaged covered "auto," we will pay for the following under Comprehensive Coverage:

- a. Glass breakage;
- b. "Loss" caused by hitting a bird or animal; and
- c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

4. Coverage Extension. We will pay up to \$10 per day to a maximum of \$300 for transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes of Loss Coverage. We will pay for transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss."

B. EXCLUSIONS

1. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Nuclear Hazard.

- (1) The explosion of any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War or Military Action.

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. Other Exclusions.

a. We will not pay for "loss" to any of the following:

- (1) Tape decks or other sound reproducing equipment unless permanently installed in a covered "auto."
- (2) Tapes, records or other sound reproducing devices designed for use with sound reproducing equipment.

- (3) Sound receiving equipment designed for use as a citizens' band radio, two-way mobile radio or telephone or scanning monitor receiver, including its antennas and other accessories, unless permanently installed in the dash or console opening normally used by the "auto" manufacturer for the installation of a radio.
- b. We will not pay for "loss" caused by or resulting from any of the following unless caused by other "loss" that is covered by this Insurance:
 - (1) Wear and tear, freezing, mechanical or electrical breakdown.
 - (2) Blowouts, punctures or other road damage to tires.

C. LIMIT OF INSURANCE

The most we will pay for "loss" in any one "accident" is the lesser of:

- 1. The actual cash value of the damaged or stolen property as of the time of the "loss;" or
- 2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

D. DEDUCTIBLE

For each covered "auto," our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.

SECTION IV - BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. LOSS CONDITIONS

1. APPRAISAL FOR PHYSICAL DAMAGE LOSS

If you and we disagree on the amount of "loss," either may demand an appraisal of the "loss." In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss." If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

2. DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

- a. In the event of "accident," claim, "suit" or "loss," you must give us or our authorized representative prompt notice of the "accident" or "loss." Include:
 - (1) How, when and where the "accident" or "loss" occurred;
 - (2) The "Insured's" name and address; and
 - (3) To the extent possible, the names and addresses of any injured persons and witnesses.
- b. Additionally, you and any other involved "insured" must

- (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "Insured's" own cost.

- (2) Immediately send us copies of any demand, notice, summons or legal paper received concerning the claim or "suit."

- (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit."

- (4) Authorize us to obtain medical records or other pertinent information.

- (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

- c. If there is "loss" to a covered "auto" or its equipment you must also do the following:

- (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.

- (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.

- (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.

- (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Form until:

- a. There has been full compliance with all the terms of this Coverage Form; and
- b. Under Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

4. LOSS PAYMENT - PHYSICAL DAMAGE COVERAGES

At our option we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

5. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

B. GENERAL CONDITIONS**1. BANKRUPTCY**

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this Coverage Form.

2. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you or any other "insured," at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The covered "auto;"

- c. Your interest in the covered "auto;" or
- d. A claim under this Coverage Form.

3. LIBERALIZATION

If we revise this Coverage Form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. NO BENEFIT TO BAILEE - PHYSICAL DAMAGE COVERAGES

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

5. OTHER INSURANCE

- a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Liability Coverage this Coverage Form provides for the "trailer" is:

- (1) Excess while it is connected to a motor vehicle you do not own.
- (2) Primary while it is connected to a covered "auto" you own.

- b. Regardless of the provisions of paragraph a. above, this Coverage Form's Liability Coverage is primary for any liability assumed under an "insured contract."

- c. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. PREMIUM AUDIT

- a. The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.
- b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Form, we cover "accidents" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- a. The United States of America;
- b. The territories and possessions of the United States of America;
- c. Puerto Rico; and
- d. Canada.

We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of these places.

8. TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us apply to the same "accident," the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

SECTION V - DEFINITIONS

- A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage."
 - B. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads but does not include "mobile equipment."
 - C. "Bodily injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these.
 - D. "Insured" means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.
 - E. "Insured contract" means:
 1. A lease of premises;
 2. A sidetrack agreement;
 3. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
 4. Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 5. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality; or
 6. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage." Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- An "insured contract" does not include that part of any contract or agreement:
1. That pertains to the loan, lease or rental of an "auto" to you; or
 2. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.
- F. "Loss" means direct and accidental loss or damage.

- G. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 2. Vehicles maintained for use solely on or next to premises you own or rent;
 3. Vehicles that travel on crawler treads;
 4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers.
 5. Vehicles not described in paragraphs 1,2,3, or 4 above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers.
 6. Vehicles not described in paragraphs 1,2,3 or 4 above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well servicing equipment.
 - H. "Property damage" means damage to or loss of use of tangible property.
 - I. "Suit" means a civil proceeding in which damages because of "bodily injury" or "property damages" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.
 - J. "Trailer" includes semitrailer.

COMMERCIAL AUTO

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES IN BUSINESS AUTO AND TRUCKERS COVERAGE FORMS

This endorsement modifies Insurance provided under the following:

BUSINESS AUTO COVERAGE FORM TRUCKERS COVERAGE FORM

For a covered "auto" licensed or principally garaged in New York, the Business Auto and Truckers Coverage Forms are changed as follows:

A. CHANGES IN LIABILITY COVERAGE

1. WHO IS AN INSURED does not include anyone loading or unloading a covered "auto" except you, your employees, a lessee or borrower or any of their employees.
2. The following is added to Supplementary Payments:
We will pay all expenses incurred by an "Insured" for first aid to others at the time of an "accident."
3. Paragraph b.(1) of the Out of State Coverage Extension in the Business Auto and Truckers Coverage Forms is replaced by the following:
While a covered "auto" is used or operated in any other state or Canadian province we will provide at least the minimum amount and kind of coverage which is required in such cases under the laws of such jurisdiction.
4. EXCLUSIONS is changed as follows:
 - a. The EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY exclusion is replaced by the following:
This insurance does not apply to:
"Bodily injury" to an employee of the "Insured" arising out of and in the course of employment by the "Insured."
But this exclusion does not apply to "bodily injury" to domestic employees not entitled to workers' compensation benefits or to liability assumed by the "Insured" under an "insured contract."
 - b. The FELLOW EMPLOYEE exclusion is amended by the addition of the following:
However, this exclusion only applies if the fellow employee is entitled to benefits under any of the following: workers' compensation, unemployment compensation or disability benefits law, or any similar law.
 - c. The HANDLING OF PROPERTY exclusion does not apply.
 - d. The MOVEMENT OF PROPERTY BY MECHANICAL DEVICE exclusion does not apply.
 - e. The OPERATIONS exclusion does not apply.
 - f. The COMPLETED OPERATIONS exclusion does not apply.
 - g. The POLLUTION exclusion does not apply.
5. If the limit of insurance shown in the Declarations is equal to or greater than \$160,000, the Limit of Insurance provision is changed by the following:
LIMIT OF INSURANCE applies except that we will apply the limit of insurance shown in the Declarations to first provide the separate limits required by the New York Motor Vehicle Safety Responsibility Act for:
 - a. "Bodily injury" not resulting in death of any one person caused by any one "accident";
 - b. "Bodily injury" not resulting in death of two or more persons caused by any one "accident";
 - c. "Bodily injury" resulting in death of any one person caused by any one "accident";
 - d. "Bodily injury" resulting in death of two or more persons caused by any one "accident";
 - e. "Property damage" in any one "accident."
 This provision will not change our total limit of insurance.
6. If the limit of insurance shown in the Declarations is less than \$160,000, the Limit of Insurance provision is replaced by the following:
Regardless of the number of covered "autos," "insureds," premiums paid, claims made or vehicles involved in the "accident," the most we will pay for the total of all damages combined, resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations, except for those damages for "bodily injury" resulting in death. We will apply the limit of insurance shown in the Declarations to first provide the separate limits required by the New York Motor Vehicle Safety Responsibility Act as follows:

- a. "Bodily injury" not resulting in death of any one person caused by any one "accident";
- b. "Bodily injury" not resulting in death of two or more persons caused by any one "accident";

c. "Property damage" in any one "accident."

This provision will not change our total limit of insurance.

All "bodily injury" and "property damage" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident."

In addition, our limit of insurance for "bodily injury" resulting in death is as follows:

- a. Up to \$50,000 for "bodily injury" resulting in death of any one person caused by any one "accident"; and
- b. Up to \$100,000 for "bodily injury" resulting in death of two or more persons caused by any one "accident," subject to a \$50,000 maximum for any one person.

If the limit of insurance shown in the Declarations is not exhausted by payment of damages for:

- a. "Bodily injury" not resulting in death, or
- b. "Property damage"

any remaining amounts will be used to pay damages for "bodily injury" resulting in death, to the extent the limit of insurance shown in the Declarations is not increased.

- 7. If forming part of the policy, the NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM) ENDORSEMENT does not apply to the Commercial Auto Coverage Part.

B. CHANGES IN PHYSICAL DAMAGE COVERAGE

- 1. DEDUCTIBLE is replaced by the following:

For each covered "auto," our obligation to pay for, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the declarations.

- 2. The following are added to PHYSICAL DAMAGE COVERAGE:

The following provisions apply in place of any conflicting policy provisions:

- a. **Mandatory Inspection for Physical Damage Coverage**

- (1) We have the right to inspect any private passenger "auto," including a non-owned "auto," insured or intended to be insured under this Coverage Part before physical damage coverage shall be effective, except to the extent that this right is prescribed and limited by New York State Insurance Department Regulation No. 79 (11 NYCRR 67).

- (2) During the term of the Coverage Part, coverage for an additional or replacement private passenger "auto" shall not become effective until you notify us and request coverage for the "auto." However, request coverage for the "auto." However, if you replace a private passenger "auto" insured with us for at least 12 months before the replacement date, we will provide the same coverage which applied to the replaced "auto" for 3 days beginning on the date you acquire the replacement "auto." We will also provide an additional day of coverage for each Saturday, Sunday or legal holiday falling within the 3 days. After 3 days, coverage will not apply until you notify us and request coverage for the "auto."

- (3) When an inspection is required by us, you must cooperate and make the "auto" available for the inspection.

b. "Auto" Repairs Under Physical Damage Coverage.

Payment of a physical damage "loss" shall not be conditioned upon the repair of the "auto." We may not recommend, unless you request us to, or require that repairs be made by a particular repair shop or concern. For "loss" confined and solely to window glass, we may recommend or suggest a repair shop. However, we shall be entitled to the following:

- (1) A completed "Certification of Automobile Repairs" as prescribed by the New York State Insurance Department;
- (2) If the "auto" is repaired, an itemized repair invoice prepared by the "auto" repairer; and
- (3) An inspection of the "auto," whether or not the "auto" is repaired.

c. Recovery of Stolen or Abandoned "Autos"

If a private passenger "auto" insured under this Coverage Part for physical damage coverage is stolen or abandoned, we or our authorized representative shall, when notified of the location of the "auto," have the right to take custody of the "auto" for safekeeping.

C. CHANGES IN CONDITIONS

- 1. Paragraph a. of DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS is replaced by the following:

- a. In the event of "accident," claim, "suit" or "loss," you or someone on your behalf must give us or our authorized representative prompt notice of the "accident" or "loss." Include:

- (1) How, when and where the "accident" or "loss" occurred;
- (2) The "insured's" name and address; and

- (3) To the extent possible, the names and addresses of any injured persons and witnesses.

Written notice by or on behalf of the injured person or any other claimant to our authorized representative shall be deemed notice to us.

2. The LOSS PAYMENT - PHYSICAL DAMAGE COVERAGES Condition is replaced by the following:

At our option we may:

- Pay for or replace damaged or stolen property; or
- Return the stolen or damaged property, at our expense. We will pay for any damage that results to the "auto" from the "loss."

3. The TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US Condition is changed as follows:

This Condition does not apply to liability coverage.

4. The PREMIUM AUDIT Condition is amended by the addition of the following:

An audit to determine the final premium due or to be refunded will be completed within 180 days after the expiration date of the policy or the anniversary date, if this is a continuous or a policy written for a term longer than one year. But the audit may be waived if:

- The total annual premium attributable to the auditable exposure base is not reasonably expected to exceed \$1,500; or
- The policy requires notification to the insurer with specific identification of any additional exposure units (e.g. autos) for which coverage is requested.

- Except as provided in paragraph a. and b. above, the EXAMINATION OF YOUR BOOKS AND RECORDS Common Policy Condition continues to apply.

D. CHANGES IN DEFINITIONS

1. The "Insured contract" definition is replaced by the following:

"Insured contract" means:

- A lease of premises;
- A sidetrack agreement;
- An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
- Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- An Indemnification of a municipality as required by ordinance, except in connection with work for a municipality;

- That part of any contract or agreement entered into, as part of your business, by you or any of your employees, pertaining to the rental or lease of any "auto"; or

- That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage." Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

- That pertains to the loan, lease or rental of an "auto" to you or any of your employees, if the "auto" is loaned, leased or rented with a driver;
- That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority; or
- Under which the "insured" assumes liability for injury or damage caused by the dumping, discharge or escape of:

- Irritants, pollutants or contaminants that are, or that are contained in any property that is:

- Being moved from the place where such property or pollutants are accepted by the "insured" for movement into or onto the covered "auto";

- Being transported or towed by the covered "auto";

- Being moved from the covered "auto" to the place where such property or pollutants are finally delivered, disposed of or abandoned by the "insured";

- Otherwise in the course of transit; or

- Being stored, disposed of, treated or processed in or upon the covered "auto" other than fuels, lubricants, fluids, exhaust gases or other similar pollutants that are needed for, or result from, the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts.

- Irritants, pollutants or contaminants not described in (1) above unless:

- The pollutants or any property in which the pollutants are contained are

upset, overturned or damaged as a result of the maintenance or use of the covered "auto"; and

- (b) The discharge, dispersal, release or escape of the pollutants is caused directly by such upset, overturn or damage.

2. The "mobile equipment" definition is replaced by the following:

"Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-contained or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers.
- e. Vehicles not described in paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

- (2) Cherry pickers and similar devices used to raise or lower workers.

- f. Vehicles not described in paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:

- (a) Snow removal;

- (b) Road maintenance, but not construction or resurfacing; or

- (c) Street cleaning.

- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well servicing equipment.

However, the operation of equipment described in paragraphs f.2. and f.3. above is considered operation of "mobile equipment" and not operation of an "auto."

COMMERCIAL AUTO
CA 02 25 03 99

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES - CANCELLATION

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
BUSINESS AUTO PHYSICAL DAMAGE COVERAGE FORM
GARAGE COVERAGE FORM
TRUCKERS COVERAGE FORM

1. If you are an individual and a covered "auto" you own is predominantly used for non-business purposes, the **Cancellation Common Policy Condition** does not apply. The following Condition applies instead:

ENDING THIS POLICY

A. Cancellation

1. You may cancel the entire policy by returning it to us or by giving us advance notice of the date cancellation is to take effect.
2. When this policy is in effect less than 60 days and is not a renewal or continuation policy, we may cancel the entire policy for any reason provided we mail you notice within this period. If we cancel for nonpayment of premium, we will mail you at least 15 days notice. Payment of premium will be considered on time if made within 15 days after we mail you notice of cancellation. If we cancel for any other reason, we will mail you at least 20 days notice.
3. When this policy is in effect 60 days or more or is a renewal or continuation policy, we may cancel it or any insurance deemed severable only for one or more of the following reasons:
 - a. Nonpayment of premium. If we cancel for this reason we will mail you at least 15 days notice. Payment of premium will be considered on time if made within 15 days after we mail you notice of cancellation.
 - b. Your driver's license or that of a driver who lives with you or customarily uses the covered "auto" has been suspended or revoked during the policy period, other than a suspension issued pursuant to Subdivision (1) of Section 510(b) of the Vehicle and Traffic Law, or one or more administrative suspensions arising out of the same incident which has or have been terminated prior to the effective date of cancellation. If we cancel for this reason we will mail you at least 20 days notice.
 - c. We replace this policy with another one providing similar coverages and the same limits for a covered "auto" of the private passenger type. The replacement policy will take effect when this policy is cancelled, and will end a year after this policy begins or on this policy's expiration date, whichever is earlier.
 - d. This policy has been written for a period of more than one year or without a fixed expiration date. We may cancel for this reason, subject to New York Laws, only at an anniversary of its original effective date. If we cancel for this reason we will mail you at least 45 but not more than 60 days notice.
 - e. This policy was obtained through fraud or material misrepresentation. If we cancel for this reason, we will mail you at least 20 days notice.

- f. Any "insured" made a fraudulent claim. If we cancel for this reason, we will mail you at least 20 days notice.

If one of the reasons listed in this Paragraph 3. exists, we may cancel the entire policy.

4. Instead of cancellation, we may condition continuation of this policy on a reduction of Liability Coverage or elimination of any other coverage. If we do this we will mail you notice at least 20 days before the date of the change.
5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
6. If this policy is cancelled, we will send you any premium refund due. The refund will be pro rata.

However, when the premium is advanced under a premium finance agreement, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. Nonrenewal

1. If this policy is written for a period of less than one year and we decide, subject to New York Laws, not to renew or continue it, or to condition renewal or continuation on a reduction of Liability Coverage or elimination of any other coverage, we will mail or deliver to you written notice at least 45 but not more than 60 days before the end of the policy period.
2. We will have the right not to renew or continue a particular coverage, subject to New York Laws, only at the end of each 12 month period following the effective date of the first of the successive policy periods in which the coverage was provided.
3. We do not have to mail notice of non-renewal if you, your agent or broker or another insurance company informs us in writing that you have replaced this policy or that you no longer want it.

C. Mailing Of Notices

We will mail or deliver our notice of cancellation, reduction of limits, elimination of coverage or nonrenewal to the address shown on the policy. However, we may deliver any notice instead of mailing it. If notice is mailed, a United States Postal Service certificate of mailing will be sufficient proof of notice.

- II. For all policies other than those specified in Section I., the **Cancellation Common Policy Condition** is completely replaced by the following:

ENDING THIS POLICY

A. Cancellation

1. You may cancel the entire policy by returning it to us or by giving us advance notice of the date cancellation is to take effect.
2. When this policy is in effect 60 days or less and is not a renewal or continuation policy, we may cancel the entire policy by mailing to you at least:
 - a. 20 days notice if we cancel for any reason not included in Paragraph b. below.
 - b. 15 days notice if we cancel for any of the following reasons:
 - (1) Nonpayment of premium;
 - (2) Conviction of a crime arising out of acts increasing the hazard insured against;
 - (3) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim thereunder;
 - (4) After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current policy period;
 - (5) Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, which results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;

- (6) Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;
 - (7) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code;
 - (8) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the "Insured" will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. However, if we cancel for this reason, you may make a written request to the Insurance Department, within 10 days of receipt of this notice, to review our cancellation decision. We will also send a copy of this notice, simultaneously, to the Insurance Department; or
 - (9) Suspension or revocation during the required policy period of the driver's license of any person who continues to operate a covered "auto", other than a suspension issued pursuant to subdivision one of Section 510b of the Vehicle and Traffic Law or one or more administrative suspensions arising from the same incident which has or have been terminated prior to the effective date of cancellation.
- 3. When this policy is in effect more than 60 days or is a renewal or continuation policy, we may cancel only for any of the reasons listed in Paragraph 2.b. above, provided we mail you at least 15 days notice. If one of the reasons listed in Paragraph 2.b. exists, we may cancel the entire policy.
 - 4. Regardless of the number of days this policy has been in effect, if:
 - a. This policy covers "autos" subject to the provisions of Section 370 (a) and (b) of the New York Vehicles and Traffic Laws; and
- b. The Commissioner of the Department of Motor Vehicles deems this policy to be insufficient for any reason,
- we may cancel this policy by giving you notice of such insufficiency 45 days before the effective date of cancellation to permit you to replace this policy.
- 5. If this policy is cancelled, we will send you any premium refund due. The refund will be pro rata.
- However, when the premium is advanced under a premium finance agreement, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.
- 6. The effective date of cancellation stated in the notice shall become the end of the policy period.
 - 7. Notice will include the reason for cancellation. We will mail or deliver our notice to you at the address shown in the policy and to your authorized agent or broker.
- B. Nonrenewal And Conditional Renewal**
- 1. If we decide not to renew or continue this policy we will send notice as provided in Paragraph 3. below.
 - 2. If we condition renewal of this policy upon:
 - a. Change of limits;
 - b. Change in type of coverage;
 - c. Reduction of coverage;
 - d. Increased deductible;
 - e. Addition of exclusion;
 - f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added; or as a result of experience rating, retrospective rating or audit,
- we will send notice as provided in Paragraph 3. below.
- 3. If we decide not to renew or continue this policy, or to conditionally renew this policy as provided in Paragraphs 1. and 2. above, we will mail you notice at least 60 but not more than 120 days before the end of the policy period. If the policy period is other than one year, we will have the right not to renew or continue it only at an anniversary of its original effective date.

4. We will not send you notice of non-renewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that you have replaced this policy or no longer want it.
5. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase, and description of any other changes.

C. Mailing Of Notices

Any notice of cancellation or nonrenewal along with the reason for cancellation or nonrenewal will be mailed to you at the address shown in the policy and to your agent or broker. However, we may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.

TO ALL OPERATORS OF MOTOR VEHICLES IN NEW YORK STATE

As your insurance company, we are required by law to advise you of the legal and financial consequences of being convicted for operating a motor vehicle while under the influence of alcohol or drugs. We strongly endorse the message conveyed by the law — that it doesn't pay to drink and drive.

Alcohol or drug impairment is a major problem involving not only the impaired driver, but other innocent drivers and pedestrians. We are constantly reminded of the serious consequences of drinking and driving, yet property damage, injuries and deaths caused by alcohol or drug-impaired driving continue to be a major problem. In fact, studies (such as those published in "Fatality Facts 1992" by the Insurance Institute for Highway Safety) show that alcohol or drug use is a contributing factor in over 40% of all fatal motor vehicle accidents (over 70% for single-vehicle motorcycle crashes).

New York State has recently passed laws increasing the penalties for convictions of operating a motor vehicle while under the influence of alcohol or drugs. Stiffer penalties are also levied for convictions of such impairment while operating a commercial vehicle, especially when transporting certain hazardous materials.

Please familiarize yourself, and anyone else who operates your vehicle, with this important information. Please remember: **if you drink, don't drive!**

BASIC PENALTIES, DEGREE OF IMPAIRMENT AND INSURANCE PENALTIES

When your license is revoked by the Department of Motor Vehicles, you will be required to pay a \$50 fee at the time of re-application, unless you participate in the New York State Alcohol and Drug Rehabilitation Program, known as the Drinking Driver Program. This fee is non-refundable even if your application is denied, and is in addition to any fines imposed by the courts.

If you have been drinking or taking drugs and cause a death or serious injury as a result of a traffic accident, you may face felony charges of vehicular manslaughter or vehicular assault. Conviction of such a charge could result in a \$5,000 fine and/or up to seven years in prison.

If you attend the Drinking Driver Program, you must pay an administrative conditional license fee of \$75 and a course tuition fee of \$125. In addition, if you are required to obtain an evaluation and/or treatment for alcohol-related problems, you must also pay for these additional services.

If you drive while your license is suspended or revoked for DWI (Driving While Intoxicated), DWAI (Driving While Ability Impaired), or for refusing a chemical test, you face a mandatory jail term of 7 to 180 days, and a mandatory fine of \$500-\$1,000.

If you are under age 21 and charged with DWI or DWAI, and you are convicted or adjudicated (not convicted solely due to youthful offender status granted by the court) of such charges, your license will be revoked for a minimum of one year. If you have two such convictions (or adjudications) and are under age 21, your license will be revoked for a period of one year, or until you become 21, whichever is longer.

If you are convicted of an alcohol-related offense outside of New York State, your license will be revoked in New York State for a minimum period of ninety (90) days for a charge of Driving Under the Influence (DUI). This is in addition to any fines and/or jail sentences imposed by a court in the state in which the incident occurred, or any action against your driving privilege in that state.

HOW MANY DRINKS MAKE YOU LEGALLY INTOXICATED?

In New York State, you are legally intoxicated when your Blood Alcohol Content (B.A.C.) reaches .10%. You are considered to be Driving While Ability Impaired (DWAI) when the B.A.C. is more than .05% but less than .10%.

Any amount of drinking will affect your judgment and coordination. The degree of impairment depends on four basic factors:

- (a) how much you drink;
- (b) how long you drink;
- (c) eating before or during drinking, as food slows absorption of alcohol; and
- (d) your body weight.

A 12-ounce can of beer, 5-ounce glass of wine, or a shot of 86-proof liquor all contain the same amount of alcohol. Your body metabolizes about one drink each hour. Only time will truly sober you up, not coffee, a walk, or a cold shower.

Therefore, if you consume more than one drink per hour, the likelihood is that you are at least DWAI if you weigh around 110 pounds and had 2 drinks, or DWAI if you had 3 drinks and weigh 170 pounds or more. As a rule of thumb for an average 140-160 pound person, B.A.C. level rises .02% per hour per drink.

As an example, a 140-pound person who consumes 5 drinks in a two-hour period will have a .08% B.A.C. (deducting .02% for the passage of time). Even if no more alcohol is consumed, that individual may not safely drive for at least 4 hours. Remember, any elevation in B.A.C. will impair your judgment and coordination.

ALCOHOL/DRUG-RELATED CONVICTIONS AND YOUR AUTOMOBILE INSURANCE POLICY

Suspension or revocation of your driver's license (or the driver's license of any person who normally operates an automobile insured under your policy) is just cause for your insurance company to **cancel your automobile insurance policy**.

A conviction of driving while impaired or intoxicated through the use of alcohol or drugs will probably result in non-renewal of your insurance policy, and in your inability to obtain insurance with another company in the voluntary market. You will then find yourself relegated to the New York Automobile Insurance Plan (Assigned Risk Plan), at a substantially higher cost.

Currently, under the Assigned Risk Plan, a conviction of operating a motor vehicle while intoxicated or impaired by the use of alcohol or drugs will result in a **75% surcharge, increasing your automobile insurance premiums for three years**. Most automobile insurance companies will also surcharge your premiums substantially for any convictions of operating a motor vehicle while under the influence of alcohol or drugs.

NO-FAULT EXCLUSIONS

Still another reason for not driving in an intoxicated or impaired condition due to drinking or drugs, is that No-Fault benefits will not be available to you if you are injured as a result. Any basic economic loss (medical expenses, wage loss, other necessary expenses, death benefit) attributable to your own bodily injury would be outside of the No-Fault system. If you permit a non-DWI or non-DWAI person to drive your vehicle for you, then full No-Fault benefits will be available to you and all occupants of your vehicle in case of an accident.

Here, then, are the sobering facts:

FINES AND IMPRISONMENT PENALTIES FOR ALCOHOL/DRUG-RELATED DRIVING OFFENSES AS OF NOVEMBER 1, 1992

According to the New York State Vehicle and Traffic Law, the following penalties will be imposed for the noted violations:

<u>VIOLATION</u>	<u>MANDATORY FINE</u>	<u>MAXIMUM JAIL TERM</u>	<u>MANDATORY ACTION AGAINST LICENSE</u>
• DRIVING WHILE INTOXICATED (DWI) (.10% BAC* or higher or while impaired by use of a drug) - All Vehicles			
First Violation	\$500-1,000	1 Year (Misdemeanor)	-Revoked at least 6 months -If CDL**, 1 Year revocation -10 year CDL disqualification
Two or more Violations in 10 Years	\$1,000-5,000	4 Years (Felony)	-Revoked at least 1 Year -Permanent CDL disqualification

* - Blood Alcohol Content

** - Commercial Driver's License

<u>VIOLATION</u>	<u>MANDATORY FINE</u>	<u>MAXIMUM JAIL TERM</u>	<u>MANDATORY ACTION AGAINST LICENSE</u>
<ul style="list-style-type: none"> DRIVING WHILE ABILITY IMPAIRED (DWAI) (more the .05% but less than .10% BAC) - Private Passenger Vehicle 			
First Violation	\$300-500	15 Days (Traffic Infraction)	-Suspended 90 days -If CDL, 1 Year revocation -10 Year CDL disqualification
Violations within 5 Years of any conviction for DWI or DWAI	\$500-750	30 Days	-Revoked at least 6 months -Permanent CDL disqualification
Violations within 10 Years of any two or more convictions for DWI or DWAI	\$750-1,500	90 days	-Revoked at least 6 months if current violation occurred within 5 years of the previous conviction -Permanent CDL disqualification
<ul style="list-style-type: none"> DRIVING WHILE ABILITY IMPAIRED (DWAI) (more than .05% but less than .10% BAC) - Commercial Motor Vehicle 			
(.04 -.07% BAC)	\$300-500	15 Days (Traffic Infraction)	-10 Year CDL disqualification -1 Year CDL revocation
(> .07 -.09% BAC)	\$500-1,500	180 Days	-10 Year CDL disqualification -1 Year revocation
<ul style="list-style-type: none"> CHEMICAL TEST REFUSAL 			
N/A	N/A	N/A	-Revoked at least 6 months -\$200 Civil penalty -If commercial motor vehicle, civil penalty of \$250 and 1 Year revocation
<ul style="list-style-type: none"> CHEMICAL TEST REFUSAL with prior alcohol-related Incident within the past five years 			
N/A	N/A	N/A	-Revoked at least 1 Year -\$500 Civil penalty
<ul style="list-style-type: none"> Penalties (including fines and jail terms) may be higher for multiple offenses and for violations while transporting certain types of passengers or materials. 			

ATTENTION POLICYHOLDERS OR APPLICANTS IMPORTANT MESSAGE CONCERNING AUTOMOBILE INSURANCE

Two important changes have been made to the New York No-Fault Motor Vehicle Insurance Law. Before explaining these changes, we would like to advise you what benefits No-Fault coverage does and does not provide.

No-Fault coverage, otherwise known as Personal Injury Protection or "PIP" coverage, pays for expenses incurred by persons injured in a motor vehicle accident. This coverage does not pay to repair damage to your automobile.

Basic No-Fault, which you are required by law to purchase, provides coverage of up to \$50,000 per person in benefits for:

1. all necessary doctor and hospital bills and other health services expenses, payable in accordance with fee schedules established or adopted by the New York State Insurance Department;
2. 80% of lost earnings up to a maximum monthly payment of \$1,000 (increasing to \$2,000, for lost wages incurred on and after November 12, 1991), for up to three years following the date of accident; and
3. up to \$25 per day for a period of one year from the date of the accident for other reasonable and necessary expenses the injured person may have incurred because of an injury resulting from the accident, such as the cost of hiring a housekeeper or necessary transportation expenses to and from a health service provider.
4. a \$2,000 death benefit, payable to the estate of a covered person, in addition to the \$50,000 coverage for economic loss described above.

No-Fault benefits will be reduced by other benefits that are payable under Workers' Compensation, Social Security Disability, New York State Disability, and certain employer "wage continuation" plans where an employee does not lose any future sick leave benefits.

The two significant changes to the No-Fault law are as follows:

LOSS OF EARNINGS BENEFITS INCREASED

Basic No-Fault has been broadened to increase the maximum monthly amount payable under Loss of Earnings Benefits from \$1,000 to \$2,000. This increase applies to accidents occurring on and after November 12, 1991.

NEW OPTIONAL COVERAGE AVAILABLE

In addition to Basic No-Fault Coverage, you may now also purchase Optional Basic Economic Loss (OBEL) coverage that will pay certain expenses, up to \$25,000, above the Basic No-Fault limit of \$50,000. Optional Basic Economic Loss coverage is different from other coverages in that a claimant can select the kinds of benefits to be paid under OBEL.

If you purchase OBEL coverage and if it appears likely that a claimant will use up the Basic No-Fault coverage, your insurer will send the claimant a form for the claimant to choose what expenses the \$25,000 in OBEL coverage will be used to pay. Under No-Fault, a claimant could include you, family members, passengers in your car, or pedestrians, if injured in an auto accident.

The claimant will be able to choose one of the following four OBEL options and thereby direct the insurer to pay expenses for:

1. basic economic loss, whether health care expenses, loss of earnings from work, or other reasonable and necessary expenses;
2. loss of earnings from work;
3. psychiatric, physical or occupational therapy and rehabilitation; or
4. a combination of options 2 and 3.

The additional \$25,000 of OBEL coverage will be used only for costs incurred under the chosen option, which, once selected, the claimant cannot change.

You must let us know now if you wish to purchase OBEL coverage by checking the appropriate box on the enclosed form, signing form 8-L-1256 (Commercial)/8-A-269 (NY-Personal), and returning it to your agent.

If you have any questions, please contact your agent.

INTERLINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
TRANSPORTATION

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material," if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility," but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material," "special nuclear material" or "by-product material."

"Source material," "special nuclear material," and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor."

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility."

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel," or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

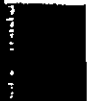
THIS NOTICE WITH THE COVERAGE FORM(S), DECLARATIONS PAGE AND
ENDORSEMENT, IF ANY, COMPLETES YOUR POLICY.

UTICA NATIONAL ASSURANCE COMPANY

IN WITNESS WHEREOF, the Utica National Assurance Company has caused this policy to be signed by its president and secretary at New Hartford, New York, and countersigned on the declarations page by a duly authorized representative of the company.

George P. Wadley
Secretary

J. Douglas Robinson
President





PAGE 1

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

Y9146
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

POLICY NUMBER: CPP 2160756

NAMED INSURED: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

FORM OF BUSINESS: ORGANIZATION OTHER THAN PARTNERSHIP OR JOINT VENTURE

BUSINESS DESCRIPTION: IMP./DIST. & MACH.

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL GENERAL LIABILITY COVERAGE PART — DECLARATIONS

LIMITS OF INSURANCE

General Aggregate Limit (Other Than Products-Completed Operations)	\$ 2,000,000
Products-Completed Operations Aggregate Limit	\$ 2,000,000
Personal and Advertising Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Fire Damage Limit (Any One Fire)	\$ 50,000
Medical Expense Limit (Any One Person)	\$ 5,000

LOCATIONS OF ALL PREMISES OTHER THAN THE ADDRESS SHOWN ABOVE WHICH YOU OWN, RENT OR OCCUPY ARE LISTED ON COMMERCIAL GENERAL LIABILITY DECLARATIONS—CONTINUED

AUDIT PERIOD: ANNUAL

FORMS AND ENDORSEMENTS APPLYING
TO THIS COVERAGE PART
SEE 8-S-1018

ADVANCE PREMIUM \$ 10,684.00

TOTAL ADVANCE PREMIUM \$ 10,684.00

Authorized Representative

REPRINT

CPP CG 03 4 2160756

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

8-D-CG Ed. 01-92

Includes copyrighted material of Insurance Services Office, Inc., with its permission. Copyright Insurance Services Office, Inc., 1982, 1984.

PRODUCER

09-12-00

POLICY NUMBER: CPP 2160756

COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM ----	EDITION -----	TITLE -----
CG2504	11/85	AMENDMENT - AGGREGATE LIMITS OF INSURANCE (PER LOCATION)
8E1696	07/92	KNOWLEDGE OF OCCURRENCE
8E1717	09/90	NOTICE OF OCCURRENCE
8E1718	09/90	UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS
8C1014	09/95	EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE FORM
8D1014	09/95	EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE PART (CLAIMS-MA
CG2147	10/93	EMPLOYMENT RELATED PRACTICES EXCLUSION
CG2139	10/93	CONTRACTUAL LIABILITY LIMITATION
CG2133	11/85	EXCLUSION - DESIGNATED PRODUCTS
CG2141	11/85	EXCLUSION - INTERCOMPANY PRODUCTS SUITS
8E2720	07/98	LIABILITY EXCLUSION: COMPUTER AND OTHER ELECTRONIC-RELATED P
8E2737	10/98	GENERAL LIABILITY EXTENSION ENDORSEMENT

COMMERCIAL GENERAL LIABILITY DECLARATIONS-CONTINUED

PAGE

3

POLICY NUMBER: CPP 2160756

Item No.	Locations/Classifications	Code No. St.-Terr.	Premium Basis	Rates		Advance Premium	
				OTHER	PR/CO	OTHER	PR/CO
001A	DISTRIBUTORS - NO FOOD OR DRINK - NOC 630 ROUTE 303 BLAUVELT, NY 10913 ROCKLAND CTY 382 ROUTE 59 MONSEY, NY 10952	12362 NY-012	GROSS SALES 6726751	PER THOUSAND 0000.272	0000.698	\$ 1,828	\$ 4,694
002A	MACHINERY OR MACH- INERY PARTS MFG. - NOC SAME AS ABOVE	56654 NY-012	GROSS SALES 1741147	PER THOUSAND 0001.026	0001.017	\$ 1,787	\$ 1,772
006B	8D1014 EMPLOYEE BENEFIT PRO GRAMS LIABILITY COVE RAGE PART (CLAIMS-MA DE BASIS)	44444 NY-012				\$ 393	
039B	8E2737 GENERAL LIABILITY EX TENSION ENDORSEMENT	44444 NY-012				\$ 210	

ITEM LETTER CODE

A=HAZARD
B=FORM
C=FLAT CHARGE

Total Advance Other and PR/CO \$ 4,218 \$ 6,466

TOTAL ADVANCE PREMIUM \$ 10,684

COMPANY NAME CPP 2160756COMMERCIAL GENERAL LIABILITY
BUSINESSOWNERS**EMPLOYEE BENEFIT PROGRAMS LIABILITY
COVERAGE PART
(CLAIMS-MADE BASIS)**

(For Attachment to a Liability or Package Policy)

The following spaces preceded by an asterisk (*) need not be completed if this Coverage Form and the Policy have the same effective date.

ATTACHED TO AND FORMING PART OF POLICY NO.	*EFFECTIVE DATE OF COVERAGE FORM	*ISSUED TO

ADDITIONAL DECLARATIONS

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE PART SCHEDULE

LIMITS OF LIABILITY \$ 1,000,000 Each Claim

..... \$ 1,000,000 Aggregate for Each Annual Policy Year

(NOTE \$1,000. DEDUCTIBLE PROVISION IN SECTION IV OF COVERAGE FORM)

RETROACTIVE DATE

This insurance does not apply to "loss" from "wrongful acts" which took place before the Retroactive Date, if any, shown below:

RETROACTIVE DATE: 07-15-97 (Enter Date or "None" if no Retroactive Date applies)**OPTIONAL EXTENDED REPORTING PERIOD PREMIUM**

In Section VI - EXTENDED REPORTING PERIODS, we agree to provide an Optional Extended Reporting Period under certain conditions. The estimated premium for such an Optional Extended Reporting Period is: \$

ADVANCE PREMIUM

No. of Employees	Rate Per Employee	Estimated Advance Premium
First 5,000	_____	\$ _____
Next 5,000	_____	\$ _____
Over 10,000	_____	\$ _____
Minimum Premium \$ <u>393</u>	Total Estimated Advance Premium \$ <u>SEE DECLARATIONS</u>	
Premium shown is payable** \$	at inception; \$	1st Anniversary; \$
		2nd Anniversary

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue†:

**

(Authorized Representative)

**Entry optional if shown in Common Policy Declarations.

†Forms and Endorsements applicable to this Coverage Part omitted if shown elsewhere in the policy.

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

**The Coverage Form which provides Employee Benefit Programs Liability Coverage
applies on a claims-made basis.**

The following provides a general description of this coverage and is subject to the terms and provisions of the actual Coverage Form.

- A. The Coverage Form will not apply to any losses from incidents which take place before the Retroactive Date, if any, or after the expiration of the policy period.
- B. The Coverage Form will apply to losses from incidents which take place after the Retroactive Date, if any, but before the beginning of the policy period **only** if the insured did not know of the incident before the beginning of the policy period and if any claim is made according to D. below.
- C. The Coverage Form will not apply to any loss for which claim is first made after the expiration of the policy period or any Automatic or Optional Extended Reporting Period described in the Extended Reporting Period Section of the Coverage Form.
- D. The Coverage Form will apply only to claims which are first made:
 1. During the policy period;
 2. During the ninety day Automatic Extended Reporting Period described in the Extended Reporting Period Section of the Coverage Form;
 3. During the five year Automatic Extended Reporting Period described in the Extended Reporting Period Section of the Coverage Form for claims arising out of incidents reported, under the policy provisions, no later than 90 days after the end of the policy period; or
 4. During the Optional Extended Reporting Period of unlimited duration described in the Extended Reporting Period Section of the Coverage Form.
 - a. We will send to you a written notice within thirty days after any termination of coverage of costs for and provisions of Extended Reporting Periods.
 - b. The Optional Extended Reporting Period must be requested by the insured in writing, by the later of sixty days after the termination of coverage or thirty days after the date of mailing of the company's notice to the insured of costs for and provisions of Extended Reporting Periods, in order to allow claims to be made against the policy coverage after the expiration of any Automatic Extended Reporting Period.
- E. For the first three years of claims-made coverage, premium will be comparatively lower than for occurrence coverage, and will increase for each renewal of those policies. Claims-made prices will still be somewhat lower than occurrence prices for mature accounts (in their fourth or later years). The purchase of Optional Extended Reporting Periods, as described above, requires additional premium payments.

POLICY NUMBER: CPP 2160756

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — DESIGNATED PRODUCTS

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Designated Product(s): ALL FIREARMS MANUFACTURING

(If no entry appears above, Information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This Insurance does not apply to "bodily injury" or "property damage" Included in the "products-completed operations hazard" and arising out of any of "your products" shown in the Schedule.

GENERAL LIABILITY WORKSHEET **REPUBLIC FRANKLIN INSURANCE CO**

DATE: 09/12/00

NAME: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

POLICY NUMBER: CPP 2160756

PRODUCER: Y9446
STERLING & STERLING INC

POLICY PERIOD FROM: 07/15/99 TO: 07/15/00

ITEM# 001A CLASS CODE 12362

SCHED * EXPR * PKG MOD * AGT/EXP RED * CO DEV * OTHER *
 .850 * .896 * .760 * 1.000 * 1.000 * 1.00 *

BFCR% * SIZE OF RISK * RENL CR * SCH SAFETY * CHILD CARE = RMF
 1.000 * .850 * 1.000 * 1.000 * 1.000 = .492

OTHER:

BASE * (ILF - DED FCTR) * RMF * R DEV * TRANS ADJ =
 RATE
 .230 * (2.580 - .000) * .492 * 1.000 * 1.0000 =

FINAL * EXPOSURE = PREMIUM
 RATE
 .272 * 6,726,751 = \$1,830

MIN PREM * (ILF - DED FCTR) * SIZE OF * R DEV = MIN PREM
 100.00 * (2.580 - .000) * RISK CR AT LIMITS
 .850 * 1.000 = \$219.00

NY TORT FACTOR .93

PRODUCTS/COMPLETED OPERATIONS:

BASE * (ILF - DED FCTR) * RMF * R DEV * TRANS ADJ =
 RATE
 .580 * (2.630 - .000) * .492 * 1.000 * 1.0000 =

FINAL * EXPOSURE = PREMIUM
 RATE
 .698 * 6,726,751 = \$4,695

MIN PREM * (ILF - DED FCTR) * SIZE OF * R DEV = MIN PREM
 150.00 * (2.630 - .000) * RISK CR AT LIMITS
 .850 * 1.000 = \$335.00

NY TORT FACTOR .93

REPRINT CPP CG 03 4 2160756

PRODUCER

GENERAL LIABILITY WORKSHEET **REPUBLIC FRANKLIN INSURANCE CO**

NAME: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

DATE: 09/12/00

POLICY NUMBER: CPP 2160756

PRODUCER: Y9446
STERLING & STERLING INC

POLICY PERIOD FROM: 07/15/99 TO: 07/15/00

ITEM# 002A CLASS CODE 56654

SCHED * EXPR * PKG MOD * AGT/EXP RED * CO DEV * OTHER *
.850 * .896 * .760 * 1.000 * 1.000 * 1.00 *

BFCR% * SIZE OF RISK * RENL CR * SCH SAFETY * CHILD CARE = RMF
1.000 * .850 * 1.000 * 1.000 * 1.000 = .492

OTHER:

BASE * (ILF - DED FCTR) * RMF * R DEV * TRANS ADJ =
RATE
.710 * (3.160 - .000) * .492 * 1.000 * 1.0000 =

FINAL * EXPOSURE = PREMIUM
RATE
1.027 * 1,741,147 = \$1,788

MIN PREM * (ILF - DED FCTR) * SIZE OF * R DEV = MIN PREM
150.00 * (3.160 - .000) * RISK CR AT LIMITS
.850 * 1.000 = \$403.00

NY TORT FACTOR .93

PRODUCTS/COMPLETED OPERATIONS:

BASE * (ILF - DED FCTR) * RMF * R DEV * TRANS ADJ =
RATE
.795 * (2.800 - .000) * .492 * 1.000 * 1.0000 =

FINAL * EXPOSURE = PREMIUM
RATE
1.019 * 1,741,147 = \$1,774

MIN PREM * (ILF - DED FCTR) * SIZE OF * R DEV = MIN PREM
200.00 * (2.800 - .000) * RISK CR AT LIMITS
.850 * 1.000 = \$476.00

NY TORT FACTOR .93

ITEM# 006B

8D1014 (0995)
EMPLOYEE BENEFIT PROGRAMS LIABILITY COVERAGE PART (CLAIMS-MADE BASIS)
PREMIUM
\$393.00

ITEM# 039B

8E2737 (1098)
GENERAL LIABILITY EXTENSION ENDORSEMENT
PREMIUM
\$210.00

REPRINT CPP CG 03 4 2160756

PRODUCER



UTICA NATIONAL INSURANCE GROUP

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

POLICY NUMBER: CPP 2160756

NAMED INSURED: SAEILO USA, INC. SAEILO, INC. & SAEILO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

BUSINESS DESCRIPTION: IMP./DIST. & MACH.

POLICY PERIOD: FROM 07-15-99 TO 07-15-00, 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL PACKAGE POLICY — COMMON POLICY DECLARATIONS

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	\$ 11,398.08
Commercial General Liability Coverage Part	\$ 10,684.00
Commercial Crime Coverage Part	\$ 75.00
Commercial Inland Marine Coverage Part	\$ 75.00
Commercial Auto Coverage Part	\$ 100.00
TOTAL	\$ 22,332.08

Authorized Representative

REPRINT

CPP 03 2 2160756

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

8-D-CL Ed. 06-92

Includes copyrighted material of Insurance Services Office, Inc., with its permission. Copyright, Insurance Services Office, Inc., 1983, 1984.

PRODUCER

09-12-00



UTICA NATIONAL INSURANCE GROUP

PAGE 1

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

POLICY NUMBER: CPP 2160756
RENEWAL OF CPP 2160756

NAMED INSURED: SAEILO USA, INC., SAEILO, INC., & SAEILO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

BUSINESS DESCRIPTION: IMP./DIST. & MACH.

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL PROPERTY COVERAGE PART—DECLARATIONS

Deductible is \$ 1,000 for Building and Business Personal Property coverages unless otherwise noted below. See below and coverage forms for deductible(s) applicable to other items.

LOC/ BLDG.	FORM NUMBER	DESCRIBED PREMISES AND COVERAGES	LIMIT OF INSURANCE	PREMIUM
	CP0010 CP1030	YOUR BUSINESS PERSONAL PROPERTY - BLANKET CAUSES OF LOSS SPECIAL INCL. THEFT 90% COINSURANCE REPLACEMENT COST PER STATEMENT OF VALUES SEE SCHEDULE OF LOCATIONS 8-S-1023	\$ 1,800,000	\$ 4,824
001-001	CP0010 CP1030	BUILDING MASONRY NON-COMBUSTIBLE CAUSES OF LOSS SPECIAL INCL. THEFT 80% COINSURANCE REPLACEMENT COST	\$ 1,000,000	\$ 2,279
001-001		YOUR BUSINESS PERSONAL PROPERTY REPLACEMENT COST-YBPP INCL "STOCK"		
001-001	CP0030 CP1030	BUSINESS INCOME INCL. EXTRA EXPENSE OPTION II: OTHER THAN RENTAL VALUE CAUSES OF LOSS SPECIAL INCL. THEFT 80% COINSURANCE	\$ 1,000,000	\$ 2,372

NEW YORK FIRE INSURANCE FEE \$ 62.08
PREMIUM for this Coverage Part \$ 11,398.08

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART:

SEE 8-S-1018

MORTGAGE HOLDER:

REPRINT

CPP CP 03 4 2160756

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

8-D-CP Ed. 01-92

Includes copyrighted material of Insurance Services Office, Inc., with its permission. Copyright Insurance Services Office, Inc., 1985-1986.

PRODUCER

08-11-99

**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

POLICY NUMBER: CPP 2160756

DESCRIPTION OF PREMISES AND COVERAGES PROVIDED

Loc/ Bldg.	Form Number	Described Premises and Coverages	Limit of Insurance	Premium
001-001	8D2274	COMMERCIAL PROPERTY COVERAGE PART DATA PROCES	SEE FORM	\$ 784
	8E17791	UNI-FLEX ENDORSEMENT		\$ 150
	8E2637	EQUIPMENT BREAKDOWN COVERAGE		\$ 927

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART— CONTINUED:
SEE 8-S-1018

POLICY NUMBER: CPP 2160756

COMMERCIAL PROPERTY

SUPPLEMENTAL DECLARATIONS BLANKET

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Schedule of Premises

Location/ Building	Described Premises
001	IMPORTER/DISTRIBUTOR & MACHINE SHOP 630 ROUTE 303 BLAUVELT, NY 10913 PROTECTION CLASS 04
001-001	MASONRY NON-COMBUSTIBLE
002	OFFICE 382 ROUTE 59 MONSEY, NY 10950 PROTECTION CLASS 04
002-001	JOISTED MASONRY

POLICY NUMBER: CPP 2160756

COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 BUSINESSOWNERS
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM -----	EDITION -----	TITLE -----
IL0017	1198	COMMON POLICY CONDITIONS
CP0090	0788	COMMERCIAL PROPERTY CONDITIONS
CP0010	1091	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP1218	1091	LOSS PAYABLE PROVISIONS
8E17791	0798	UNI-FLEX ENDORSEMENT
8E2637	0998	EQUIPMENT BREAKDOWN COVERAGE
CP0133	0497	NEW YORK CHANGES
8E2721	0798	EXCLUSION: COMPUTER AND OTHER ELECTRONIC-RELATED PROBLEMS
IL0268	0498	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
IL0183	0498	NEW YORK CHANGES - FRAUD
CP0030	1091	BUSINESS INCOME COVERAGE FORM (AND EXTRA EXPENSE)
IL0415	1091	PROTECTIVE SAFEGUARDS
8C2274	0296	DATA PROCESSING COVERAGE FORM
8E2794	0998	MECHANICAL/ELECTRICAL BREAKDOWN REDEFINED
8D2274	0296	COMMERCIAL PROPERTY COVERAGE PART DATA PROCESSING DECLARATIONS
CP1030	1091	CAUSES OF LOSS-SPECIAL FORM

POLICY NUMBER: CPP 2160756

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS SUPPLEMENTAL SCHEDULE

This endorsement modifies insurance provided under the following:

LOSS PAYABLE PROVISIONS

SUPPLEMENTAL SCHEDULE

Prem. No.	Bldg. No.	Description of Property	Loss Payee (Name & Address)	Provisions Applicable		
				Loss Payable	*Lender's Loss Payable	Contract Of Sale
1	1	1 SAEILO TNL-60 #2C060-00202, 2 USED SAEILO MACH-3 #1H412-00022 & 2G412-00033, 1 SAEILO TNV-80 # 2B05100466 \$247220	ORIX CREDIT ALLIANCE, INC. 100 DUTCH HILL RD., SUITE 122 ORANGEBURG, NY 10962	X		
1	1	LEASE # 0696743, 0696744 0696745	COPELCO CAPITAL, INC. ITS SUCCESSORS &/OR ASSIGNS 700 EAST GATE DRIVE MT. LAUREL, NJ 08054	X		
1	1	MINOLTA 4000 COPIER VALUED AT \$9,200	MINOLTA BUSINESS SYSTEMS 15325 SE 30TH PLACE STE 100 BELLEVUE, WA 98007	X		

*(Not applicable in Washington State)

PROPERTY WORKSHEET **REPUBLIC FRANKLIN INSURANCE CO.**

NAME: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

DATE: 09/12/00

POLICY NUMBER: CPP 2160756

PRODUCER: Y9446
 STERLING & STERLING INC

POLICY PERIOD FROM: 07/15/99 TO: 07/15/00

RATING WORKSHEET FOR LOCATION 1 BUILDING				1 ITEM	1	BUILDING	
X		GROUP 1 BASE RATE					
X		LOSS COST FACTOR		1.520	=		.230
X		COINSURANCE FACT		1.000	=		.350
X		DEDUCTIBLE FACTOR		.870	=		.350
X		IRPM FACTOR		.850	=		.305
X		PACKAGE FACTOR		.760	=		.259
X		COV LIMIT / 100		10000.00	=		.197
X		SIZE OF RISK		.8500	=		1,970.00
X		SURC ADDL PREMIUM		.0125	=		1,675.00
							20.94
X		GROUP 2 BASE RATE					
X		COINSURANCE FACT		1.000	=		.064
X		DEDUCTIBLE FACTOR		.820	=		.064
X		IRPM FACTOR		.850	=		.052
X		PACKAGE FACTOR		.760	=		.044
X		COV LIMIT / 100		10000.00	=		.033
X		SIZE OF RISK		.8500	=		330.00
							281.00
X		COL BASE RATE					
X		COINSURANCE FACT		1.000	=		.072
X		DEDUCTIBLE FACTOR		.820	=		.072
X		IRPM FACTOR		.850	=		.059
X		PACKAGE FACTOR		.760	=		.050
X		COV LIMIT / 100		10000.00	=		.038
X		SIZE OF RISK		.8500	=		380.00
							323.00

RATING WORKSHEET FOR LOCATION 1 BUILDING				1 ITEM	2	YOUR BUSINESS	PERSONAL PROPERTY
X		GROUP 1 BASE RATE					
X		COINSURANCE FACT		1.000	=		.383
X		DEDUCTIBLE FACTOR		.870	=		.383
X		IRPM FACTOR		.850	=		.333
X		PACKAGE FACTOR		.760	=		.283
X		COV LIMIT / 100		14300.00	=		.215
X		SIZE OF RISK		.8500	=		3,075.00
X		SURC ADDL PREMIUM		.0125	=		2,614.00
							32.68
X		GROUP 2 BASE RATE					
X		COINSURANCE FACT		1.000	=		.066
X		DEDUCTIBLE FACTOR		.820	=		.066
X		IRPM FACTOR		.850	=		.054
X		PACKAGE FACTOR		.760	=		.046
X		COV LIMIT / 100		14300.00	=		.035
X		SIZE OF RISK		.8500	=		501.00
							426.00
X		COL BASE RATE					
X		COINSURANCE FACT		1.000	=		.122
X		DEDUCTIBLE FACTOR		.820	=		.122
X		IRPM FACTOR		.850	=		.100
X		PACKAGE FACTOR		.760	=		.085
X		COV LIMIT / 100		14300.00	=		.065
X		SIZE OF RISK		.8500	=		930.00
							791.00

PROPERTY WORKSHEET **REPUBLIC FRANKLIN INSURANCE CO.**

DATE: 09/12/00

NAME: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

POLICY NUMBER: CPP 2160756

PRODUCER: Y9446
STERLING & STERLING INC

POLICY PERIOD FROM: 07/15/99 TO: 07/15/00

RATING WORKSHEET FOR LOCATION 1 BUILDING				1 ITEM	3	BUSINESS INCOME
X	GROUP 1 BASE RATE					
X	LOSS COST FACTOR					.230
X	COINSURANCE FAC			1.520	=	.350
X	IRPM FACTOR			.750	=	.263
X	PACKAGE FACTOR			.850	=	.224
X	COV LIMIT / 100			.760	=	.170
X	SIZE OF RISK			10000.00	=	1,700.00
				.8500	=	1,445.00
X	GROUP 2 BASE RATE					
X	COINSURANCE FAC				=	.064
X	IRPM FACTOR			.750	=	.048
X	PACKAGE FACTOR			.850	=	.041
X	COV LIMIT / 100			.760	=	.031
X	SIZE OF RISK			10000.00	=	310.00
				.8500	=	264.00
X	COL BASE RATE					
X	IRPM FACTOR			.850	=	.120
X	PACKAGE FACTOR			.760	=	.102
X	COV LIMIT / 100			10000.00	=	.078
X	SIZE OF RISK			.8500	=	780.00
						663.00

RATING WORKSHEET FOR LOCATION 2 BUILDING				1 ITEM	1	YOUR BUSINESS	PERSONAL PROPERTY
X	GROUP 1 BASE RATE						
X	COINSURANCE FACT						.383
X	DEDUCTIBLE FACTOR			1.000	=		.383
X	IRPM FACTOR			.870	=		.333
X	PACKAGE FACTOR			.850	=		.283
X	COV LIMIT / 100			.760	=		.215
X	SIZE OF RISK			3700.00	=		796.00
X	SURC ADDL PREMIUM			.8500	=		677.00
				.0125	=		8.46
X	GROUP 2 BASE RATE						
X	COINSURANCE FACT				=		.066
X	DEDUCTIBLE FACTOR			1.000	=		.066
X	IRPM FACTOR			.820	=		.054
X	PACKAGE FACTOR			.850	=		.046
X	COV LIMIT / 100			.760	=		.035
X	SIZE OF RISK			3700.00	=		130.00
				.8500	=		111.00
X	COL BASE RATE						
X	COINSURANCE FACT				=		.122
X	DEDUCTIBLE FACTOR			1.000	=		.122
X	IRPM FACTOR			.820	=		.100
X	PACKAGE FACTOR			.850	=		.085
X	COV LIMIT / 100			.760	=		.065
X	SIZE OF RISK			3700.00	=		241.00
				.8500	=		205.00

POLICY NUMBER: CPP 2160756

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**PROTECTIVE SAFEGUARDS**

This endorsement modifies Insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART**SCHEDULE***

Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable
1	1	P-1

Describe any "P-9":

1. The following is added to the:

Commercial Property Conditions
General Conditions in the Farm Property
Coverage Form
General Conditions in the Mobile Agricultural
Machinery and Equipment Coverage Form
General Conditions in the Livestock Coverage
Form

PROTECTIVE SAFEGUARDS

- a. As a condition of this Insurance, you are required to maintain the protective devices or services listed in the Schedule above.
- b. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System,
including related supervisory services.

Automatic Sprinkler System means:

- (1) Any automatic fire protective or extinguishing system, including connected:
- (a) Sprinklers and discharge nozzles;
 - (b) Ducts, pipes, valves and fittings;

(c) Tanks, their component parts and supports; and

(d) Pumps and private fire protection mains.

(2) When supplied from an automatic fire protective system:

(a) Non-automatic fire protective systems; and

(b) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

(1) Connected to a central station; or

(2) Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-9" The protective system described in the Schedule.

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

2. The following is added to the EXCLUSIONS section of:

CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM
MORTGAGE HOLDERS ERRORS AND
OMISSIONS COVERAGE FORM
STANDARD PROPERTY POLICY
FARM PROPERTY COVERAGE FORM
MOBILE AGRICULTURAL MACHINERY AND
EQUIPMENT COVERAGE FORM
LIVESTOCK COVERAGE FORM

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

- a. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
- b. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

Issuing
Company:

UTICA NATIONAL INSURANCE GROUP

A MEMBER OF UTICA NATIONAL INSURANCE GROUP

**COMMERCIAL PROPERTY COVERAGE PART
DATA PROCESSING DECLARATIONS**

The following spaces preceded by an asterisk (*) need not be completed if this Coverage Form and the Policy have the same inception date.

Attached To and Forming Part of Policy No.	*Effective Date of Coverage Form	*Issued To
CPP 2160756		

In return for payment of the premium, and subject to all the terms of this policy we agree with you to provide the insurance as stated in this policy. Coverage is provided only where a limit is shown.

Schedule

Data Processing Equipment		<input type="checkbox"/> Actual Cash Value <input type="checkbox"/> Replacement Cost <input type="checkbox"/> Upgraded Value		
Location No.	Location Description	Limit of Insurance		
1	EQUIPMENT	\$170,000		
Data, Media, and Computer Programs Limits				
Loc. No.	Limit of Insurance	Valued on cost to reproduce unless a specific per item amount is listed.		
1.	\$			
2.	\$			
Loc. No.	Specific Articles	No.	Value of Each	Total Value
1.				
2.		X	\$	\$
		X	\$	\$
Optional Blanket Coverage				
Locations	Limit of Insurance	Blanket Description		
Extra Expense Coverage Limits				
Loc. No.		Business Income Coverage Limits		
1.	\$	Loc. No.	Each Working Day	Total Value
2.	\$	1.	\$	\$
		2.	\$	\$
Deductible for: "Data Processing Equipment," "Data," "Media," and Extra Expense Coverage including, (optional)				
Additional Coverages, except Breakdown Coverage: \$				
Breakdown Coverage: \$				
Business Income Coverage: \$ or hours (optional)				
Loss Payable Cause: For covered property in which both you and a Loss Payee shown in the Schedule below have an insurable interest we will adjust "losses" with you and pay any claim for "loss" jointly to you and the Loss Payee, as interests may appear.				
*Schedule of Loss Payees				
Loc. No.	Description of Property	Loss Payee (Name and Address)		
Advance Premium				
Premium shown is payable **\$		Total Advance Premium \$		
		1st Anniversary; \$		
		2nd Anniversary		
Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue† :				

By

Company Officer

**Entry optional if shown in Common Policy Declarations. † Forms and Endorsements applicable to this Coverage Form omitted if shown elsewhere in the policy. These declarations and the common policy declarations, if applicable, together with the common policy conditions, coverage form(s) and forms and endorsements, if any, issued to form a part thereof complete the above numbered policy. (See Data Processing Conditions E. 1 and 2.)



UTICA NATIONAL INSURANCE GROUP

PAGE 1

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 437-0300

POLICY NUMBER: CPP 2160756
RENEWAL OF CPP 2160756

NAMED INSURED: SAETLO USA, INC., SAETLO, INC. & SAETLO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

FORM OF BUSINESS: CORPORATION

BUSINESS DESCRIPTION: IMP /DIST. & MACH

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL CRIME COVERAGE PART — DECLARATIONS

SCHEDULE

ITEM NO.	DESCRIPTION	LIMIT OF INSURANCE	DED AMT	PREMIUM
001	LOCATION NUMBER 001 630 ROUTE 303 BLAUVELT, NY 10913 IMPORTER/DISTRIBUTOR & MACHINE FORM U1 UNI-FLEX ENDORSEMENT	SEE FORM	SEE FORM	\$ 75

PREMIUM for this Coverage Part \$ 75.00

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART:

SEE 8-S-1018.

REPRINT

CPP CR 03 0 2160756

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

8-D-CR Ed. 01-92

Includes copyrighted material of Insurance Services Office, Inc. with its permission. Copyright Insurance Services Office, Inc., 1983/1984.

PRODUCER

09-12-00

POLICY NUMBER: CPP 2160756

COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 BUSINESSOWNERS
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM ----	EDITION -----	TITLE -----
IL0017	1198	COMMON POLICY CONDITIONS
CR1000	0695	CRIME GENERAL PROVISIONS
IL0268	0498	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
8E17793	0798	UNI-FLEX ENDORSEMENT
CR0004	1090	THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM
CR0001	1090	EMPLOYEE DISHONESTY COVERAGE FORM



UTICA NATIONAL INSURANCE GROUP

PAGE 1

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 487-0300

POLICY NUMBER: CPP 2160756
RENEWAL OF CPP 2160756

NAMED INSURED: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

FORM OF BUSINESS: CORPORATION

BUSINESS DESCRIPTION: IMR./DIST. & MACH

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the Insurance as stated in this policy.

COMMERCIAL INLAND MARINE COVERAGE PART — DECLARATIONS

For deductibles shown below, see individual coverage form(s) for explanation of how deductibles may apply.

SCHEDULE

ITEM NO.	DESCRIPTION	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	PREMIUM
	LOCATION NUMBER 001 630 ROUTE 303 BLAUVELT, NY 10913 IMPORTER/DISTRIBUTOR & MACHINE			
001	8E1779-2 UNI-FLEX ENDORSEMENT	SEE FORM	SEE FORM	\$ 75

PREMIUM for this Coverage Part \$ 75.00

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART:

SEE 8-S-1018

REPRINT

CPP CIM 03 3 2160756

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORMS AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY

8-D-CIM Ed-01-92

Includes copyrighted material of Insurance Services Office, Inc. with its permission. Copyright, Insurance Services Office, Inc., 1933, 1954

PRODUCER

09-12-00

POLICY NUMBER: CPP 2160756

COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 BUSINESSOWNERS
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM ----	EDITION -----	TITLE -----
CM0001	0695	COMMERCIAL INLAND MARINE CONDITIONS
IL0268	0498	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
IL0183	0498	NEW YORK CHANGES - FRAUD
8E17792	0798	UNI-FLEX ENDORSEMENT
CM0067	0695	VALUABLE PAPERS AND RECORDS COVERAGE FORM
CM0028	0695	SIGNS COVERAGE FORM
CM0066	0695	ACCOUNTS RECEIVABLE COVERAGE FORM
8E1461	0186	FINE ARTS FLOATER COVERAGE FORM
8E1462	0186	FINE ARTS BREAKAGE COVERAGE ENDORSEMENT
8E1618	0993	BUSINESS PERSONAL PROPERTY SUPPLEMENTAL COVERAGE FORM
8E2721	1298	EXCLUSION: COMPUTER AND OTHER ELECTRONIC-RELATED PROBLEMS (OTHER THAN

POLICY NUMBER: CPP 2160756

COMMERCIAL INLAND MARINE
BUSINESSOWNERS

BUSINESS PERSONAL PROPERTY SUPPLEMENTAL COVERAGE FORM

Various provision in this form restrict coverage. Read the entire form carefully to determine rights, duties and what is and is not covered.

Throughout this form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "out" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section VII - DEFINITIONS.

THIS FORM PROVIDES INSURANCE FOR ONLY THOSE COVERAGES FOR WHICH A LIMIT OF LIABILITY AND PREMIUM ARE SHOWN IN THE SCHEDULE OR THE DECLARATIONS.

I. SCHEDULE

Limits of Insurance	Coverage	Annual Premium
\$ each occurrence	A	\$
\$ each occurrence	B	\$
\$ each occurrence	C	\$

Deductible -\$ Deductible Amount is \$100 unless otherwise indicated.

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

II. COVERAGES

Coverage A - Your business personal property while away from premises owned or controlled by you.

Coverage B - At your option, business personal property of others in your care, custody, and control; or in the custody of others to whom you have given this property, without regard to your legal liability for loss.

Coverage C - Business personal property described in Coverages A and B above while in transit.

1. Covered Property

When used in this form, business personal property means personal property usual to the business of the insured.

2. Property Not covered

Covered Property does not include:

- a. Contraband, or property in the course of illegal transportation or trade;
- b. Accounts, bills, currency, deeds, evidences of debt, money, notes & securities;
- c. Shipments which have been refused or which are returned by their consignee (unless endorsed hereon);
- d. Export or import shipments;
- e. Mail or parcel post shipments;
- f. Animals, unless specifically insured, and then they are only covered against "loss" due to death caused by, or destruction made necessary by, injuries due to:
 - (1) fire;
 - (2) lightning;
 - (3) windstorm;
 - (4) flood;
 - (5) explosion;
 - (6) upset, overturn or derailment; or
 - (7) stranding, sinking or burning of ferries;

- g. Profit, loss of use or loss of market, however caused.

3. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. Additional Coverages

a. Collapse

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- (1) Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice, or sleet; water damage; all only as covered in this form;
- (2) Hidden decay;
- (3) Hidden insect or vermin damage;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;
- (6) Use of defective materials or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.

b. Flood

Under Coverage C we will pay for direct "loss" from "flood, during the term of the policy to which this Coverage Form is attached, up to the Limit of Insurance purchased for Coverage C.

A deductible of \$250 applies to each occurrence under this Additional Coverage.

These Additional Coverages do not increase the Limits of Insurance provided in this Form.

III. EXCLUSIONS

1. We will not pay for "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or

- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by or resulting from fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

d. Water

- (1) Under Coverages A and B:

Flood," whether driven by wind or not.

- (2) Under Coverage C:

"Flood" except as provided by the Additional Coverage - Flood section of this Coverage Form.

But we will pay for direct "loss" caused by resulting fire, explosion, or theft if these causes of "loss" would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Theft from any unattended vehicle unless at the time of theft its windows, doors, and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

But this exclusion does not apply to property in the custody of a carrier for hire.

- b. Delay, loss of market, business interruption, indirect, or consequential loss.

- c. Unexplained disappearance.

- (1) This exclusion does not apply to property in the custody of any carrier from whom the insured has a receipt (record of shipment) describing goods being transported and their value.

- (2) As respects property covered because of the exception in (1) above, we will pay only the excess over what you collect or should have collected from any other sources of remuneration or insurance.

- d. Shortage found upon taking inventory.

- e. Dishonest acts by you, anyone else with an interest in the property, your or their employees or authorized representatives or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- f. (1) Processing, actual work upon, or installation of covered property;
- (2) Failure, breakdown, or derangement of machines or machinery; or
- (3) Error, omission, or deficiency in design, specifications, workmanship, or materials.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body.

- c. Faulty, inadequate, or defective:

- (1) Planning, zoning, development, surveying, siting;

- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation, or remodeling; or
- (4) Maintenance;
of part or all of any property wherever located.
- d. Collapse except as provided in the Additional Coverage-Collapse section of this Coverage Form.
- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold, or heat.

IV. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Schedule or Declarations.

V. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying

the applicable Limit of Insurance exceeds the Deductible shown in the Schedule or Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

VI. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. Coverage Territory

We cover property wherever located within:

- a. The United States of America; and
- b. Canada.

2. Replacement Cost

Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the General Conditions E. Valuation of the Commercial Inland Marine Conditions.

VII. DEFINITIONS

- 1. "Flood" means the overflow of a river, stream, or other body of water.
- 2. "Loss" means accidental loss or damage.



UTICA NATIONAL INSURANCE GROUP

REPUBLIC FRANKLIN INSURANCE CO.
180 GENESEE STREET
NEW HARTFORD, NY 13413

PAGE

1

Y9446
STERLING & STERLING INC
45 CROSSWAYS PARK DRIVE
WOODBURY, NY 11797
(516) 437-0300

ITEM ONE

POLICY NUMBER: CPP 2160756
REWRITE OF CPP 2160756

NAMED INSURED: SAETLO USA, INC. SAETLO, INC. & SAETLO MACHINERY USA, INC.

ADDRESS: 630 ROUTE 303
BLAUVELT, NY 10913

FORM OF BUSINESS: CORPORATION

BUSINESS DESCRIPTION: IMP./DIST. & MACH.

POLICY PERIOD: FROM 07-15-99 TO 07-15-00 12:01 A.M. Standard Time at your address shown above.
In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

COMMERCIAL AUTO COVERAGE PART — DECLARATIONS

ITEM TWO — SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only the following coverages which are indicated by a premium entry. Each of these coverages will apply only to those "autos" shown as covered "autos." "Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the Covered Auto Section of the Business Auto Coverage Form next to the name of the coverage.

COVERAGES	COVERED AUTOS	LIMITS	PREMIUM
LIABILITY	8, 9 <small>(Entry of one or more symbols shows which autos are covered autos)</small>	THE MOST WE WILL PAY FOR ONE ACCIDENT OR LOSS <small>(No entry, no item 1-fee)</small>	\$ 53
PERSONAL INJURY PROTECTION (P.I.P.) <small>(or equivalent No-Fault Cov.)</small>		SEPARATELY STATED IN EACH P.I.P. ENDORSEMENT MINUS Deductible	
NEW YORK P.I.P. TOTAL (See New York Supplemental Declarations 8-E-1821)		SEPARATELY STATED IN EACH ADDED P.I.P. ENDORSEMENT	
ADDED P.I.P. (or equivalent added No-Fault Cov.)		SEPARATELY STATED IN THE P.I.P. ENDORSEMENT MINUS Deductible FOR EACH ACCIDENT	
PROPERTY PROTECTION INSURANCE <small>(P.P.I.) (Michigan Only)</small>			
AUTO MEDICAL PAYMENTS			
UNINSURED MOTORISTS OR SUPPLEMENTARY UNINSURED MOTORISTS (SUM) (NY ONLY) <small>(If Supplemental Declarations 8-E-1892 is attached)</small>			
UNDERINSURED MOTORISTS <small>(When not included in Uninsured Motorists Coverage) (Not for NY)</small>			
PHYSICAL DAMAGE COVERAGE			
COMPREHENSIVE		ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS, MINUS: Deductible FOR EACH COVERED AUTO FOR ALL LOSS EXCEPT FIRE OR LIGHTNING	
SPECIFIED CAUSES OF LOSS		\$ Deductible FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM MIN. PREM. ADJUSTMENT	47.00
COLLISION		Deductible FOR EACH COVERED AUTO each disablement of a private passenger auto	
TOWING AND LABOR			

FORMS AND ENDORSEMENTS APPLYING
TO THIS COVERAGE PART. See 8-S-1018

REPRINT

PREMIUM FOR ENDORSEMENTS

ESTIMATED TOTAL PREMIUM \$ 100.00

CPP BAC 03 4 2160756

Company Office

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

DECLARATIONS-Continued

Policy No. CPP 2160756

PAGE 2

ITEM FOUR-SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS

LIABILITY COVERAGE - RATING BASIS, COST OF HIRE

STATE	ESTIMATED COST OF HIRE FOR EACH STATE	RATE PER EACH \$100 COST OF HIRE	PREMIUM
NY			28.00

Cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or employees or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

TOTAL PREMIUM 28.00

PHYSICAL DAMAGE COVERAGE

COVERAGES	LIMIT OF LIABILITY THE MOST WE WILL PAY, AND DEDUCTIBLE APPLICABLE	RATE	MINIMUM PREMIUM	PREMIUM
COMPREHENSIVE	ACTUAL CASH VALUE, COST OF REPAIRS OR: WHICHEVER IS LESS, MINUS FOR EACH COVERED "AUTO" FOR ALL LOSS EXCEPT FIRE OR LIGHTNING			
SPECIFIED CAUSES OF LOSS	ACTUAL CASH VALUE, COST OF REPAIRS OR: WHICHEVER IS LESS, MINUS \$25 Ded. FOR EACH COVERED "AUTO" FOR LOSS CAUSED BY MISCHIEF OR VANDALISM			
COLLISION	ACTUAL CASH VALUE, COST OF REPAIRS OR: WHICHEVER IS LESS, MINUS FOR EACH COVERED "AUTO"			

PHYSICAL DAMAGE COVERAGE for covered "autos" you hire or borrow is excess unless otherwise stated below.

TOTAL PREMIUM

ITEM FIVE - SCHEDULE FOR NON-OWNERSHIP LIABILITY

NAMED INSURED'S BUSINESS OTHER THAN A SOCIAL SERVICE AGENCY	RATING BASIS No. of Employees No. of Partners	NUMBER 25	PREMIUM 25.00
SOCIAL SERVICE AGENCY	No. of Employees No. of Volunteers		
TOTAL PREMIUM			25.00

POLICY NUMBER: CPP 2160756

PAGE 3
 COMMERCIAL AUTO LIABILITY
 COMMERCIAL GENERAL LIABILITY
 COMMERCIAL INLAND MARINE
 COMMERCIAL PROPERTY
 BUSINESSOWNERS
 CRIME

SUPPLEMENTAL DECLARATIONS

Named Insured: SAEILO USA, INC., SAEILO, INC. & SAEILO MACHINERY USA, INC.

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:

FORM -----	EDITION -----	TITLE -----	PREMIUM -----
CA0001	01/87	BUSINESS AUTO COVERAGE FORM	
ILO183	04/98	NEW YORK CHANGES - FRAUD	
CA0112	04/97	NY CHANGES IN BUSINESS AUTO AND TRUCKERS COVERAGE FORM	
CA0225	03/99	NY CHANGES-CANCELLATION	
ILO017	11/98	COMMON POLICY CONDITIONS	
ILO023	04/98	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT	

Central Imaging Facility
Documents Greater Than 25 Pages Transmittal Letter

To: Paul Byrk

IMAGING
2005 SEP 18 A 11:15

Field Office:

- | | |
|---|--------------------------------|
| <input type="checkbox"/> ERO | <input type="checkbox"/> NYMRO |
| <input checked="" type="checkbox"/> Home Office | <input type="checkbox"/> MARO |
| <input type="checkbox"/> Residual Markets | <input type="checkbox"/> SERO |
| <input type="checkbox"/> Errors & Omissions | <input type="checkbox"/> RFI |
| <input type="checkbox"/> Cranbury | <input type="checkbox"/> NERO |
| <input type="checkbox"/> Albany | <input type="checkbox"/> SWRO |
| <input type="checkbox"/> Amherst | |

Claim #:

785309

Document Description/
Comments:

Saeilo Inc. policy

Day Document Sent:

9/15/00

Day Document To Be Back in CIF:

9/26/00

SPECIALIST PORTION

Date Sent to CIF:

9/18/00

Specialist Name:

~~1 doc~~ Paul Byrk

Specialist

Comments:

1 doc